

# CORRECTED

Title page  
Page 10, line 20  
Page 85, line 15

Senate Engrossed House Bill

State of Arizona  
House of Representatives  
Forty-sixth Legislature  
First Regular Session  
2003

CHAPTER 263

## HOUSE BILL 2533

AN ACT

AMENDING SECTIONS 5-504 AND 5-505, ARIZONA REVISED STATUTES; AMENDING SECTION 5-522, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2002, THIRD SPECIAL SESSION, CHAPTER 1, SECTION 1; REPEALING SECTION 5-522, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2002, CHAPTER 260, SECTION 1; AMENDING SECTIONS 11-539, 11-588, AND 12-102.02, ARIZONA REVISED STATUTES; AMENDING TITLE 12, CHAPTER 1, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 12-116.04; AMENDING SECTION 13-901.02, ARIZONA REVISED STATUTES; REPEALING SECTION 13-3114, ARIZONA REVISED STATUTES; AMENDING SECTION 13-3827, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 11, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-1306; AMENDING SECTIONS 27-102, 27-111, 28-401, 28-737, 28-876, 28-2413 AND 28-2416, ARIZONA REVISED STATUTES; CHANGING THE DESIGNATION OF TITLE 28, CHAPTER 21, ARTICLE 4, ARIZONA REVISED STATUTES, TO "BONDS SECURED BY BRIDGE CONSTRUCTION OR HIGHWAY IMPROVEMENT REVENUES"; AMENDING SECTIONS 28-7651 THROUGH 28-7658, ARIZONA REVISED STATUTES; AMENDING SECTIONS 28-8101, 28-8103, 28-8345 AND 35-131, ARIZONA REVISED STATUTES; REPEALING SECTION 35-193.01, ARIZONA REVISED STATUTES; AMENDING SECTION 38-619, ARIZONA REVISED STATUTES; AMENDING SECTIONS 40-109, 40-408, 40-442 AND 40-443, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 1, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-191.09; AMENDING SECTIONS 41-511.23, 41-764, 41-803, 41-1514.02, 41-1544, 41-1609.01, 41-1712, 41-1794, 41-2141, 41-2142, 41-2144, 41-2151, 41-2154, 41-2155, 41-2178, 41-2194,

41-2195 AND 41-2773, ARIZONA REVISED STATUTES; REPEALING SECTIONS 41-1791, 41-1792 AND 41-1793, ARIZONA REVISED STATUTES; AMENDING SECTIONS 41-3521, 41-3956, 42-5032, 42-5252, 43-401 AND 44-313, ARIZONA REVISED STATUTES; AMENDING LAWS 1997, FIRST SPECIAL SESSION, CHAPTER 3, SECTION 5, AS AMENDED BY LAWS 1999, FIRST SPECIAL SESSION, CHAPTER 3, SECTION 9 AND LAWS 2001, CHAPTER 286, SECTION 2; AMENDING LAWS 2001, CHAPTER 286, SECTION 3; AMENDING LAWS 2002, CHAPTER 321, SECTION 18, AS AMENDED BY LAWS 2003, FIRST SPECIAL SESSION, CHAPTER 2, SECTION 6; PROVIDING FOR THE CONDITIONAL REPEAL OF LAWS 2003, FIRST SPECIAL SESSION, CHAPTER 2, SECTION 20; BLENDING MULTIPLE ENACTMENTS; MAKING APPROPRIATIONS; RELATING TO PUBLIC FINANCES BUDGET RECONCILIATION; PROVIDING FOR CONDITIONAL ENACTMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 5-504, Arizona Revised Statutes, is amended to  
3 read:

4 5-504. Commission; director; powers and duties; definitions

5 A. The commission shall meet with the director not less than once each  
6 quarter to make recommendations and set policy, receive reports from the  
7 director and transact other business properly brought before the commission.

8 B. The commission shall oversee a state lottery to produce the maximum  
9 amount of net revenue consonant with the dignity of the state. To achieve  
10 these ends, the commission shall authorize the director to adopt rules in  
11 accordance with title 41, chapter 6. Rules adopted by the director may  
12 include provisions relating to the following:

13 1. Subject to the approval of the commission, the types of lottery  
14 games and the types of game play-styles to be conducted.

15 2. The method of selecting the winning tickets or shares for  
16 noncomputerized on-line games, except that no method may be used which, in  
17 whole or in part, depends on the results of a dog race, a horse race or any  
18 sporting event.

19 3. The manner of payment of prizes to the holders of winning tickets  
20 or shares including providing for payment by the purchase of annuities in the  
21 case of prizes payable in installments, except that the commission staff  
22 shall examine claims and may not pay any prize based on altered, stolen or  
23 counterfeit tickets or based on any tickets which fail to meet established  
24 validation requirements, including rules stated on the ticket or in the  
25 published game rules, and confidential validation tests applied consistently  
26 by the commission staff. No particular prize in a lottery game may be paid  
27 more than once, and in the event of a binding determination that more than  
28 one person is entitled to a particular prize, the sole remedy of the  
29 claimants is the award to each of them of an equal portion of the single  
30 prize.

31 4. The method to be used in selling tickets or shares, except that no  
32 elected official's name may be printed on such tickets or shares. The  
33 overall estimated odds of winning some prize or some cash prize, as  
34 appropriate, in a given game shall be printed on each ticket or share.

35 5. The licensing of agents to sell tickets or shares, except that a  
36 person under the age of eighteen shall not be licensed as an agent.

37 6. The manner and amount of compensation to be paid licensed sales  
38 agents necessary to provide for the adequate availability of tickets or  
39 shares to prospective buyers and for the convenience of the public, including  
40 provision for variable compensation based on sales volume.

41 7. Matters necessary or desirable for the efficient and economical  
42 operation and administration of the lottery and for the convenience of the  
43 purchasers of tickets or shares and the holders of winning tickets or shares.

44 C. The commission shall authorize the director to issue orders and  
45 shall approve orders issued by the director for the necessary operation of

1 the lottery. Orders issued under this subsection may include provisions  
2 relating to the following:

3 1. The prices of tickets or shares in lottery games.

4 2. The themes, game play-styles, and names of lottery games and  
5 definitions of symbols and other characters used in lottery games, except  
6 that each ticket or share in a lottery game shall bear a unique  
7 distinguishable serial number.

8 3. The sale of tickets or shares at a discount for promotional  
9 purposes.

10 4. The prize structure of lottery games, including the number and size  
11 of prizes available. Available prizes may include free tickets in lottery  
12 games and merchandise prizes.

13 5. The frequency of drawings, if any, or other selections of winning  
14 tickets or shares, except that:

15 (a) All drawings shall be open to the public.

16 (b) The actual selection of winning tickets or shares may not be  
17 performed by an employee or member of the commission.

18 (c) Noncomputerized on-line game drawings shall be witnessed by an  
19 independent observer.

20 6. Requirements for eligibility for participation in grand drawings  
21 or other runoff drawings, including requirements for the submission of  
22 evidence of eligibility within a shorter period than that provided for claims  
23 by section 5-518.

24 7. Incentive and bonus programs designed to increase sales of lottery  
25 tickets or shares and to produce the maximum amount of net revenue for this  
26 state.

27 D. Notwithstanding title 41, chapter 6 and subsection B of this  
28 section, the director, subject to the approval of the commission, may  
29 establish a policy, procedure or practice that relates to an existing on-line  
30 game or a new on-line game which is the same type and has the same type of  
31 game play-style as an on-line game currently being conducted by the lottery  
32 or may modify an existing rule for an existing on-line game or a new on-line  
33 game which is the same type and has the same type of game play-style as an  
34 on-line game currently being conducted by the lottery, including establishing  
35 or modifying the matrix for an on-line game by giving notice of the  
36 establishment or modification at least thirty days before the effective date  
37 of the establishment or modification.

38 E. Employees of the lottery, except employees who are involved in  
39 sales that require the employees to handle property that produces revenue for  
40 the lottery, are subject to title 41, chapter 4, articles 5 and 6. Employees  
41 who are involved in these sales activities are subject to personnel rules  
42 adopted by the commission. When adopting these personnel rules, the  
43 commission shall provide due process protections for the sales employees  
44 while taking into consideration the security and integrity necessary for the  
45 operation of the lottery.

1 F. The commission shall maintain and make the following information  
2 available for public inspection at its offices during regular business hours:

3 1. A detailed listing of the estimated number of prizes of each  
4 particular denomination expected to be awarded in any instant game currently  
5 on sale.

6 2. After the end of the claim period prescribed by section 5-518, a  
7 listing of the total number of tickets or shares sold and the number of  
8 prizes of each particular denomination awarded in each lottery game.

9 3. Definitions of all play symbols and other characters used in each  
10 lottery game and instructions on how to play and how to win each lottery  
11 game.

12 G. Any information that is maintained by the commission and that would  
13 assist a person in locating or identifying a winning ticket or share or that  
14 would otherwise compromise the integrity of any lottery game is deemed  
15 confidential and is not subject to public inspection.

16 H. The commission shall, in addition to other games authorized by this  
17 article, establish two special games for each year to be conducted  
18 concurrently with other lottery games authorized under subsection B of this  
19 section. The monies for prizes, for operating expenses and for payment to  
20 the commerce and economic development commission fund, as provided in section  
21 5-522, subsection A, paragraph 2-3, shall be accounted for separately as  
22 nearly as practicable in the lottery commission's general accounting  
23 system. The monies shall be derived from the revenues of the special games,  
24 and monies for prizes do not become an expense to the lottery commission's  
25 annual appropriation as provided in section 5-505, subsection D and section  
26 5-522, subsection H. Monies saved from the revenues of the special games,  
27 by reason of operating efficiencies, shall become other revenue of the  
28 lottery commission and revert to the state general fund.

29 I. The commission may, in addition to other games authorized by this  
30 article, establish multistate lottery games to be conducted concurrently with  
31 other lottery games authorized under subsections B and H of this  
32 section. The monies for prizes, for operating expenses and for payment to  
33 the local transportation assistance fund, as provided in section 28-8101, and  
34 the state general fund shall be accounted for separately as nearly as  
35 practicable in the lottery commission's general accounting system. The  
36 monies shall be derived from the revenues of multistate lottery games.

37 J. The commission or director shall not establish or operate any  
38 on-line or electronic keno game or any game played on the internet.

39 K. The director shall print, in a prominent location on each lottery  
40 ticket or share, a statement that help is available if a person has a problem  
41 with gambling and a toll free telephone number where problem gambling  
42 assistance is available. The director shall require all licensed agents to  
43 post a sign with the same statement THAT HELP IS AVAILABLE IF A PERSON HAS  
44 A PROBLEM WITH GAMBLING and the same TOLL FREE telephone number at the point  
45 of sale as prescribed and supplied by the director. The requirements of this

1 subsection apply to tickets and shares printed after the effective date of  
2 this section JULY 18, 2000.

3 L. For the purposes of this section:

4 1. "Game play-style" means the process or procedure that a player must  
5 follow to determine if a lottery ticket or share is a winning ticket or  
6 share.

7 2. "Matrix" means the odds of winning a prize and the prize payout  
8 amounts in a given game.

9 Sec. 2. Section 5-505, Arizona Revised Statutes, is amended to read:

10 5-505. Apportionment of revenue

11 A. Not more than eighteen and one-half per cent of the total annual  
12 revenues accruing from the sale of lottery tickets or shares and from all  
13 other sources shall be deposited in the state lottery fund established  
14 pursuant to section 5-521 to be expended for the following:

15 1. The payment of costs incurred in the operation and administration  
16 of the lottery, including the expenses of the commission and the costs  
17 resulting from any contract or contracts entered into for consulting or  
18 operational services, or for promotional and advertising services. Not more  
19 than four per cent of the total annual gross revenues of the lottery shall  
20 be expended for promotional or advertising services.

21 2. Independent audits, which shall be performed annually in addition  
22 to the audits required by section 5-524.

23 3. Incentive programs for lottery sales agents and lottery employees.

24 4. Payment of compensation to licensed sales agents necessary to  
25 provide for the adequate availability of tickets or services to prospective  
26 buyers and for the convenience of the public. Compensation of licensed sales  
27 agents shall be at least six and one-half per cent but not more than seven  
28 per cent of the price of each ticket or share that a retail sales agent sells  
29 in instant games and on-line games, less the price of any tickets or shares  
30 that are voided.

31 5. The payment of reasonable fees to redemption agents as authorized  
32 by section 5-519.

33 6. The purchase or lease of lottery equipment, tickets and materials.

34 ~~7. ABSTINENCE-ONLY EDUCATION PROGRAMS THAT ARE FUNDED IN THE~~  
35 ~~DEPARTMENT OF HEALTH SERVICES AND THAT ARE DESIGNED TO REDUCE TEENAGE~~  
36 ~~PREGNANCY IN THIS STATE. THE AMOUNT FOR THESE PROGRAMS SHALL BE SPECIFIED~~  
37 ~~IN THE GENERAL APPROPRIATIONS ACT.~~

38 B. Not less than twenty-nine per cent of the total annual revenues  
39 accruing from the sale of lottery tickets or shares in on-line games and not  
40 less than twenty-one and one-half per cent of the total annual revenues  
41 accruing from the sale of lottery tickets or shares in instant games shall  
42 be deposited in the state lottery fund established pursuant to section 5-521  
43 to be used as prescribed in section 5-522, subsection A, paragraphs 2, 3, 4,  
44 and 5 AND 6, and section 5-522, subsections B, C, D and E.

1 C. Not less than fifty per cent of the total annual revenues accruing  
2 from the sale of lottery tickets or shares shall be deposited in the state  
3 lottery prize fund established pursuant to section 5-523 for payment of  
4 prizes to the holders of winning tickets or shares or for other purposes  
5 provided for in section 5-518.

6 D. Except for monies for prizes expended as provided in section 5-504,  
7 subsection H and section 41-1505.10, monies expended under subsection A of  
8 this section shall be subject to legislative appropriation.

9 Sec. 3. Section 5-522, Arizona Revised Statutes, as amended by Laws  
10 2002, third special session, chapter 1, section 1, is amended to read:

11 5-522. Use of monies in state lottery fund

12 A. The monies in the state lottery fund shall be expended only for the  
13 following purposes and in the order provided:

14 1. For the expenses of the commission incurred in carrying out its  
15 powers and duties and in the operation of the lottery.

16 ~~2. FOR ABSTINENCE ONLY EDUCATION PROGRAMS THAT ARE FUNDED IN THE~~  
17 ~~DEPARTMENT OF HEALTH SERVICES AND THAT ARE DESIGNED TO REDUCE TEENAGE~~  
18 ~~PREGNANCY IN THIS STATE, THE AMOUNTS FOR THESE PROGRAMS SHALL BE SPECIFIED~~  
19 ~~IN THE GENERAL APPROPRIATIONS ACT.~~

20 ~~2.~~ 3. For payment to the commerce and economic development commission  
21 fund established by section 41-1505.10 of not less than twenty-one and  
22 one-half per cent of the revenues received from the sale of two special  
23 lottery games conducted for the benefit of economic development.

24 ~~3.~~ 4. Except as provided in subsection F of this section, for payment  
25 to the local transportation assistance fund established by section 28-8101  
26 of not less than twenty-nine per cent of the revenues received from the sale  
27 of multistate lottery games, up to a maximum of eighteen million dollars each  
28 fiscal year.

29 ~~4.~~ 5. For payment to the Arizona clean air fund established by  
30 section 41-1516 STATE GENERAL FUND of not less than twenty-one and one-half  
31 per cent of the revenues received from the sale of any instant bingo games  
32 conducted by the state lottery and not less than twenty-nine per cent of the  
33 revenues received from the sale of any on-line three-number games conducted  
34 by the state lottery, up to a maximum of ten million dollars each fiscal  
35 year, except that if on or before June 1 of each fiscal year the state  
36 lottery director determines that monies available to the Arizona state parks  
37 board heritage fund under subsection D of this section may not equal ten  
38 million dollars in that fiscal year or that the monies available to the  
39 Arizona game and fish commission heritage fund under subsection D of this  
40 section may not equal ten million dollars in that fiscal year, or both, the  
41 director shall authorize deposits to the Arizona state parks board heritage  
42 fund in an amount so that the total monies in that fund in that fiscal year  
43 equal ten million dollars or to the Arizona game and fish commission heritage  
44 fund in an amount so that the total monies in that fund in that fiscal year  
45 equal ten million dollars, or both. The state lottery director shall not

1 make any deposits pursuant to this paragraph until after the director's  
2 determination each fiscal year.

VER 3 ~~5- 6.~~ Of the monies remaining in the state lottery fund from the sale  
4 of instant bingo games and on-line three-number games each fiscal year,  
5 thirty per cent shall be allocated to the funds and programs described in  
6 subsection E of this section and seventy per cent shall be deposited in the  
7 local transportation assistance fund established by section 28-8101. The  
8 director shall not allocate more than the amount specified in subsection E  
9 of this section for each fiscal year to the funds and programs described in  
10 subsection E of this section from the state lottery fund pursuant to this  
11 paragraph and subsection E of this section. A maximum of eighteen million  
12 dollars may be deposited in the local transportation assistance fund each  
13 fiscal year from the state lottery fund pursuant to this paragraph and  
VER 14 paragraph ~~3- 4~~ of this subsection.

15 B. Of the monies remaining in the state lottery fund after the  
16 appropriations authorized in subsection A of this section seventy-five per  
17 cent up to a maximum of twenty-three million dollars each fiscal year shall  
18 be deposited in the local transportation assistance fund established pursuant  
19 to section 28-8101 and twenty-five per cent up to a maximum of seven million  
20 six hundred fifty thousand dollars each fiscal year shall be deposited in the  
21 county assistance fund established pursuant to section 41-175. Monies  
22 distributed pursuant to this subsection shall be in addition to monies  
23 distributed pursuant to subsection A, paragraphs ~~3- 4~~ and ~~5- 6~~ of this  
24 section.

25 C. Notwithstanding subsection B of this section, if the state lottery  
26 director determines at the beginning of any fiscal year that monies available  
27 to cities, towns and counties under this section may not equal thirty million  
28 six hundred fifty thousand dollars, then the director shall not authorize  
29 deposits to the county assistance fund until the deposits to the local  
30 transportation assistance fund equal twenty-three million dollars.

31 D. Of the monies remaining in the state lottery fund each fiscal year  
32 after appropriations and deposits authorized in subsections A, B and C of  
33 this section, ten million dollars shall be deposited in the Arizona state  
34 parks board heritage fund established pursuant to section 41-502 and ten  
35 million dollars shall be deposited in the Arizona game and fish commission  
36 heritage fund established pursuant to section 17-297.

37 E. Of the monies remaining in the state lottery fund each fiscal year  
38 after appropriations and deposits authorized in subsections A, B, C and D of  
39 this section, and appropriations and deposits to the local transportation  
40 assistance fund authorized by this section, five million dollars shall be  
41 allocated to the department of economic security for the healthy families  
42 program established by section 8-701, four million dollars shall be allocated  
43 to the Arizona board of regents for the Arizona area health education system  
44 established by section 15-1643, three million dollars shall be allocated to  
45 the department of health services to fund the teenage pregnancy prevention

1 programs established in Laws 1995, chapter 190, sections 2 and 3, two million  
 2 dollars shall be allocated to the department of health services for the  
 3 health start program established by section 36-697, two million dollars shall  
 4 be deposited in the disease control research fund established by section  
 5 36-274 and one million dollars shall be allocated to the department of health  
 6 services for the federal women, infants and children food program. The  
 7 allocations in this subsection shall be adjusted annually according to  
 8 changes in the GDP price deflator as defined in section 41-563 and the  
 9 allocations are exempt from the provisions of section 35-190, relating to  
 10 lapsing of appropriations. If there are not sufficient monies available  
 11 pursuant to this subsection, the allocation of monies for each program shall  
 12 be reduced on a pro rata basis.

13 ~~F. Notwithstanding subsection A, paragraph 3 of this section, for~~  
 14 ~~fiscal years through fiscal year 2000-2001, if the state lottery director~~  
 15 ~~determines that monies available to the state general fund from the sale of~~  
 16 ~~multistate lottery games may not equal twenty-one million dollars in a fiscal~~  
 17 ~~year, then the director shall not authorize deposits to the local~~  
 18 ~~transportation assistance fund pursuant to subsection A, paragraph 3 of this~~  
 19 ~~section until the deposits to the state general fund from the sale of~~  
 20 ~~multistate lottery games equal twenty-one million dollars in a fiscal year.~~

21 ~~Notwithstanding subsection A, paragraph 3-4 of this section, for fiscal~~  
 22 ~~years beginning from and after June 30, 2001, if the state lottery director~~  
 23 ~~determines that monies available to the state general fund from the sale of~~  
 24 ~~multistate lottery games may not equal thirty-one million dollars in a fiscal~~  
 25 ~~year, then the director shall not authorize deposits to the local~~  
 26 ~~transportation assistance fund pursuant to subsection A, paragraph 3-4 of~~  
 27 ~~this section until the deposits to the state general fund from the sale of~~  
 28 ~~multistate lottery games equal thirty-one million dollars in a fiscal year.~~

29 G. All monies remaining in the state lottery fund after the  
 30 appropriations and deposits authorized in this section shall be deposited in  
 31 the state general fund.

32 H. Except for monies expended for prizes as provided in section 5-504,  
 33 subsection H and section 41-1505.10, monies expended under subsection A of  
 34 this section shall be subject to legislative appropriation.

35 Sec. 4. Repeal

36 Section 5-522, Arizona Revised Statutes, as amended by Laws 2002,  
 37 chapter 260, section 1, is repealed.

38 Sec. 5. Section 11-539, Arizona Revised Statutes, is amended to read:

39 11-539. State aid to county attorneys fund

40 A. The state aid to county attorneys fund is established consisting  
 41 of monies appropriated to the fund and monies allocated pursuant to section  
 42 41-2421, subsections B and J. The purpose of the fund is to provide state  
 43 aid to county attorneys for the processing of criminal cases.

1           B. The Arizona criminal justice commission shall administer the fund.  
2 The commission shall allocate fund monies to each county pursuant to section  
3 41-2409, subsection A.

4           C. All monies distributed or spent from the fund shall be used to  
5 supplement, not supplant, funding at the level provided in fiscal year  
6 1997-1998 by the counties for the processing of criminal cases by county  
7 attorneys.

8           D. Monies in the state aid to county attorneys fund are exempt from  
9 the provisions of section 35-190 relating to lapsing of appropriations and  
10 MONIES ALLOCATED PURSUANT TO SECTION 41-2421, SUBSECTIONS B AND J are subject  
11 to legislative appropriation. ANY STATE GENERAL FUND MONIES APPROPRIATED TO  
12 THE FUND MAY BE SPENT WITHOUT FURTHER LEGISLATIVE APPROPRIATION.

13           E. On notice from the commission, the state treasurer shall invest and  
14 divest monies in the fund as provided by section 35-313, and monies earned  
15 from investment shall be credited to the fund.

16           Sec. 6. Section 11-588, Arizona Revised Statutes, is amended to read:  
17           11-588. State aid to indigent defense fund

18           A. The state aid to indigent defense fund is established consisting  
19 of monies appropriated to the fund and monies allocated to the fund pursuant  
20 to section 41-2421, subsections B and J. The purpose of the fund is to  
21 provide state aid to the county public defender, legal defender and contract  
22 indigent defense counsel for the processing of criminal cases.

23           B. The Arizona criminal justice commission shall administer the fund.  
24 The commission shall allocate monies in the fund to each county pursuant to  
25 section 41-2409, subsection C.

26           C. All monies distributed or spent from the fund shall be used to  
27 supplement, not supplant, funding at the level provided in fiscal year  
28 1997-1998 by counties for the processing of criminal cases by the county  
29 public defender, legal defender and contract indigent defense counsel in each  
30 county.

31           D. Monies in the state aid to indigent defense fund are exempt from  
32 the provisions of section 35-190 relating to lapsing of appropriations and  
33 MONIES ALLOCATED PURSUANT TO SECTION 41-2421, SUBSECTIONS B AND J are subject  
34 to legislative appropriation. ANY STATE GENERAL FUND MONIES APPROPRIATED TO  
35 THE FUND MAY BE SPENT WITHOUT FURTHER LEGISLATIVE APPROPRIATION.

36           E. On notice from the commission, the state treasurer shall invest and  
37 divest monies in the fund as provided by section 35-313, and monies earned  
38 from investment shall be credited to the fund.

39           Sec. 7. Section 12-102.02, Arizona Revised Statutes, is amended to  
40 read:

41           12-102.02. State aid to the courts fund

42           A. The state aid to the courts fund is established consisting of  
43 monies appropriated to the fund and monies allocated pursuant to section  
44 41-2421, subsections B and J. The purpose of the fund is to provide state

1 aid to the superior court, including the clerk of the superior court, and  
2 justice courts for the processing of criminal cases.

3 B. The supreme court shall administer the fund. The supreme court  
4 shall allocate monies in the fund to the superior court, including the clerk  
5 of the court, and the justice courts in each county according to the  
6 following composite index formula:

7 1. The three year average of the total felony filings in the superior  
8 court in the county, divided by the statewide three year average of the total  
9 felony filings in the superior court.

10 2. The county population, as adopted by the department of economic  
11 security, divided by the statewide population, as adopted by the department  
12 of economic security.

13 3. The sum of paragraphs 1 and 2 divided by two equals the composite  
14 index.

15 4. The composite index for each county shall be used as the multiplier  
16 against the total funds appropriated from the state general fund and other  
17 monies distributed to the fund pursuant to section 41-2421.

18 C. The presiding judge of the superior court in each county, in  
19 coordination with the chairman of the county board of supervisors or the  
20 chairman's designee, the clerk of the superior court and the presiding  
21 justice of the peace of the county shall submit a plan to the supreme court  
22 that details how the funds allocated to the county pursuant to this section  
23 will be used and how the plan will assist the county in improving criminal  
24 case processing. The presiding judge of the superior court, the chairman of  
25 the board of supervisors or the chairman's designee, the clerk of the  
26 superior court and the presiding justice of the peace shall sign the plan and  
27 shall indicate their endorsement of the plan as submitted or shall outline  
28 their disagreement with any provisions of the plan. The supreme court may  
29 approve the plan or require changes to the plan in order to achieve the goal  
30 of improved criminal case processing.

31 D. By January 8, 2001 and every year thereafter by January 8, the  
32 supreme court shall report to the governor, the legislature, the joint  
33 legislative budget committee, each county board of supervisors and the  
34 Arizona criminal justice commission on the expenditure of the fund monies for  
35 the prior fiscal year and on the progress made in achieving the goal of  
36 improved criminal case processing. This information may be combined into one  
37 report with the information required pursuant to section 12-102.01,  
38 subsection D.

39 E. All monies spent or distributed from the fund shall be used to  
40 supplement, not supplant, funding at the level provided in fiscal year  
41 1997-1998 by the counties for the processing of criminal cases in the  
42 superior court, including the office of the clerk of the superior court, and  
43 justice courts.

44 F. Monies in the state aid to the courts fund are exempt from the  
45 provisions of section 35-190 relating to lapsing of appropriations and MONIES

1 ALLOCATED PURSUANT TO SECTION 41-2421, SUBSECTIONS B AND J are subject to  
2 legislative appropriation. ANY STATE GENERAL FUND MONIES APPROPRIATED TO THE  
3 FUND MAY BE SPENT WITHOUT FURTHER LEGISLATIVE APPROPRIATION.

4 G. On notice from the supreme court, the state treasurer shall invest  
5 and divest monies in the fund as provided by section 35-313, and monies  
6 earned from investment shall be credited to the fund.

7 Sec. 8. Title 12, chapter 1, article 1, Arizona Revised Statutes, is  
8 amended by adding section 12-116.04, to read:

9 12-116.04. County and municipal judicial collections; baseline  
10 limitation; transfer to state general fund;  
11 definition

12 A. ON OR BEFORE SEPTEMBER 1, 2003, EACH COUNTY BOARD OF SUPERVISORS  
13 AND EACH CITY OR TOWN COUNCIL SHALL CERTIFY TO THE STATE TREASURER BASELINE  
14 COURT COLLECTIONS FOR EACH QUARTER OF FISCAL YEAR 2002-2003.

15 B. BEGINNING ON SEPTEMBER 15, 2003, AND ON A QUARTERLY BASIS  
16 THEREAFTER, EACH COUNTY BOARD OF SUPERVISORS AND EACH CITY OR TOWN COUNCIL  
17 SHALL CERTIFY TO THE STATE TREASURER THE AMOUNT COLLECTED ABOVE BASELINE  
18 COURT COLLECTIONS WITHIN FIFTEEN DAYS AFTER THE END OF EACH QUARTER. IF THE  
19 REPORTING COURT DETERMINES THAT THE TOTAL REVENUES EXCEED BASELINE  
20 COLLECTIONS FOR THAT QUARTER, SEVENTY-FIVE PER CENT OF ANY AMOUNT ABOVE THE  
21 BASELINE SHALL BE TRANSMITTED TO THE STATE TREASURER WITHIN FIFTEEN DAYS  
22 AFTER THE END OF THE QUARTER. ANY MONIES RECEIVED FOR THE FOURTH QUARTER OF  
23 ANY FISCAL YEAR SHALL BE CREDITED TO THAT QUARTER.

24 C. THE STATE TREASURER SHALL DEPOSIT MONIES COLLECTED PURSUANT TO  
25 SUBSECTION B IN THE STATE GENERAL FUND.

26 D. MONIES DEPOSITED IN THE STATE GENERAL FUND PURSUANT TO THIS SECTION  
27 SHALL NOT EXCEED FORTY-FIVE MILLION DOLLARS. ANY MONIES RECEIVED EXCEEDING  
28 FORTY-FIVE MILLION DOLLARS ABOVE BASELINE COURT COLLECTIONS SHALL BE  
29 ALLOCATED AS OTHERWISE PROVIDED BY LAW. IF FORTY-FIVE MILLION DOLLARS IS  
30 DEPOSITED IN THE STATE GENERAL FUND BEFORE THE END OF THE FISCAL YEAR, THE  
31 STATE TREASURER SHALL NOTIFY EACH CITY OR TOWN COUNCIL AND COUNTY BOARD OF  
32 SUPERVISORS TO NO LONGER TRANSMIT REVENUES PURSUANT TO SUBSECTION B.

33 E. IN ANY QUARTER IN A FISCAL YEAR, IF YEAR TO DATE REVENUES RECEIVED  
34 BY THE STATE TREASURER EXCEED FORTY-FIVE MILLION DOLLARS FOR THAT FISCAL  
35 YEAR, THE STATE TREASURER SHALL CONTINUE TO COLLECT MONIES FROM CITY OR TOWN  
36 COUNCILS AND COUNTY BOARDS OF SUPERVISORS FOR THAT QUARTER. ONCE MONIES FOR  
37 THAT QUARTER ARE COLLECTED, THE STATE TREASURER SHALL DETERMINE THE AMOUNT  
38 BY WHICH YEAR TO DATE COLLECTIONS EXCEED FORTY-FIVE MILLION DOLLARS. ANY  
39 MONIES COLLECTED BY THE STATE TREASURER ABOVE FORTY-FIVE MILLION DOLLARS IN  
40 A FISCAL YEAR SHALL BE DISTRIBUTED ON A PROPORTIONATE BASIS TO CITY OR TOWN  
41 COUNCILS AND TO COUNTY BOARDS OF SUPERVISORS THAT HAVE TRANSMITTED REVENUES  
42 PURSUANT TO SUBSECTION B. THE AMOUNT REALLOCATED SHALL BE BASED ON THE  
43 AMOUNT CONTRIBUTED BY EACH CITY AND COUNTY FOR THAT FISCAL YEAR.

44 F. FOR THE PURPOSES OF THIS SECTION, "BASELINE COURT COLLECTIONS"  
45 MEANS THE AMOUNT COLLECTED IN FILING FEES, CLERK FEES, DIVERSION FEES, ADULT

1 AND JUVENILE PROBATION FEES, JUVENILE MONETARY ASSESSMENTS, FINES, PENALTIES,  
2 SURCHARGES, SANCTIONS AND FORFEITURES IN EACH MUNICIPAL COURT, JUSTICE COURT  
3 AND DIVISION OF THE SUPERIOR COURT IN FISCAL YEAR 2002-2003, BUT DOES NOT  
4 INCLUDE ANY MONIES COLLECTED BY THE COURTS FOR CLEAN ELECTIONS, CHILD  
5 SUPPORT, RESTITUTION OR EXONERATED BONDS.

6 G. THE STATE TREASURER SHALL REPORT BY JANUARY 15, 2004 AND APRIL 15,  
7 2004 ON THE AMOUNT OF COLLECTIONS PURSUANT TO SUBSECTIONS B AND C OF THIS  
8 SECTION TO THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE PRESIDENT OF  
9 THE SENATE. THE COLLECTIONS DEPOSITED IN THE STATE GENERAL FUND PURSUANT TO  
10 THIS SECTION ARE APPROPRIATED FOR COSTS OF INCREASED STATE EMPLOYEE HEALTH  
11 INSURANCE AND RETIREMENT RATES IN FISCAL YEAR 2003-2004 AS PROVIDED IN  
12 SUBSECTION H OF THIS SECTION.

13 H. BASED ON THE AMOUNTS REPORTED AND APPROPRIATED PURSUANT TO  
14 SUBSECTION G OF THIS SECTION, THE JOINT LEGISLATIVE BUDGET COMMITTEE STAFF  
15 SHALL DETERMINE AND THE DEPARTMENT OF ADMINISTRATION SHALL ALLOCATE TO EACH  
16 AGENCY'S OR DEPARTMENT'S EMPLOYEE RELATED EXPENDITURES AN AMOUNT FOR COSTS  
17 OF INCREASED STATE EMPLOYEE HEALTH INSURANCE AND RETIREMENT RATES. IN MAKING  
18 ITS DETERMINATION, THE JOINT LEGISLATIVE BUDGET COMMITTEE STAFF SHALL  
19 ALLOCATE THE FIRST TWENTY THREE MILLION DOLLARS FOR INCREASES IN STATE  
20 EMPLOYEE HEALTH INSURANCE COSTS AND ANY REMAINING AMOUNT UP TO TWENTY ONE  
21 MILLION DOLLARS FOR INCREASES IN STATE EMPLOYEE RETIREMENT COSTS.

22 Sec. 9. Section 13-901.02, Arizona Revised Statutes, is amended to  
23 read:

24 13-901.02. Drug treatment and education fund

25 A. The drug treatment and education fund is established. The  
26 administrative office of the supreme court shall administer the fund.

27 B. Fifty per cent of the monies deposited in the drug treatment and  
28 education fund shall be distributed by the administrative office of the  
29 supreme court to the superior court probation departments to cover the costs  
30 of placing persons in drug education and treatment programs administered by  
31 a qualified agency or organization that provides such programs to persons who  
32 abuse controlled substances. Such monies shall be allocated to superior  
33 court probation departments according to a formula based on probation  
34 caseload to be established by the administrative office of the supreme court.

35 C. Fifty per cent of the monies deposited in the drug treatment and  
36 education fund shall be ~~DEPOSITED IN THE STATE GENERAL FUND EXCEPT THAT THE~~  
37 ~~FIRST SIX HUNDRED FIFTY THOUSAND DOLLARS SHALL BE~~ distributed to the Arizona  
38 parents commission on drug education and prevention established by section  
39 41-1604.17.

40 D. The administrative office of the supreme court shall cause to be  
41 prepared at the end of each fiscal year after 1997 an accountability report  
42 card that details the cost savings realized from the diversion of persons  
43 from prisons to probation. A copy of the report shall be submitted to the  
44 governor and the legislature, and a copy of the report shall be sent to each  
45 public library in the state. The administrative office of the supreme court

1 shall receive reimbursement from the drug treatment and education fund for  
2 any administrative costs it incurs in the implementation of this section.

3 Sec. 10. Repeal

4 Section 13-3114, Arizona Revised Statutes, is repealed.

5 Sec. 11. Section 13-3827, Arizona Revised Statutes, is amended to  
6 read:

7 13-3827. Internet sex offender web site; investigation of  
8 records; immunity; fund

9 A. The department of public safety shall establish and maintain an  
10 internet sex offender web site for offenders whose risk assessment has been  
11 determined to be a level two or level three. The purpose of the internet sex  
12 offender web site is to provide sex offender information to the public.

13 B. The internet sex offender web site shall include the following  
14 information for each convicted sex offender in this state who is required to  
15 register pursuant to section 13-3821:

- 16 1. The offender's name, address and date of birth.
- 17 2. A current photograph.
- 18 3. The offense committed and notification level pursuant to section  
19 13-3826, subsection E, if a risk assessment has been completed pursuant to  
20 section 13-3825.

21 C. The department of public safety shall annually update on the web  
22 site the name, address and photograph of each sex offender.

23 D. The motor vehicle division of the department of transportation  
24 shall send copies of each sex offender's nonoperating identification license  
25 or driver license photograph to the department of public safety for inclusion  
26 on the sex offender web site.

27 E. The department of public safety shall annually verify the addresses  
28 of all sex offender registration records contained within the Arizona  
29 criminal justice information system. Before including the address of a sex  
30 offender on the web site, the department of public safety shall confirm that  
31 the address is correct. To confirm a sex offender's address, the department  
32 shall conduct a search of the Arizona criminal justice information  
33 system. If this search does not provide the necessary confirmation, the  
34 department shall use alternative public and private sector resources that are  
35 currently used for criminal investigation purposes to confirm the  
36 address. The department of public safety is prohibited from using or  
37 releasing the information from the alternative public and private sector  
38 resources except pursuant to this section. A custodian or public or private  
39 sector resource that releases information pursuant to this subsection is not  
40 civilly or criminally liable in any action alleging a violation of  
41 confidentiality.

42 F. The department of public safety may petition the superior court for  
43 enforcement of subsection E of this section if a public or private sector  
44 resource refuses to comply. The court shall grant enforcement if the  
45 department has reasonable grounds to believe the records sought to be

1 inspected are relevant to confirming the identity and address of a sex  
2 offender.

3 G. A person who provides or fails to provide information required by  
4 this section is not civilly or criminally liable unless the act or omission  
5 is wanton or wilful.

6 H. FOR THE PURPOSES OF IMPLEMENTING THIS SECTION, THE DEPARTMENT MAY  
7 CHARGE AND COLLECT FEES AS DETERMINED BY THE DIRECTOR.

8 I. A SEX OFFENDER MONITORING FUND IS ESTABLISHED CONSISTING OF FEES  
9 COLLECTED PURSUANT TO THIS CHAPTER, AND MONIES IN THE FUND ARE SUBJECT TO  
10 LEGISLATIVE APPROPRIATION.

11 Sec. 12. Title 15, chapter 11, article 1, Arizona Revised Statutes,  
12 is amended by adding section 15-1306, to read:

13 15-1306. Arizona state schools for the deaf and the blind  
14 telecommunications tax fund

15 A. THE ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND  
16 TELECOMMUNICATIONS TAX FUND IS ESTABLISHED CONSISTING OF MONIES RECEIVED FROM  
17 THE TELECOMMUNICATIONS TAX LEVIED PURSUANT TO SECTION 42-5252, SUBSECTION A,  
18 PARAGRAPH 6. THE ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND SHALL  
19 ADMINISTER THE FUND.

20 B. MONIES IN THE FUND SHALL BE USED FOR OPERATING EXPENSES OF THE  
21 ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND AND ARE SUBJECT TO  
22 LEGISLATIVE APPROPRIATION.

23 C. MONIES IN THE FUND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190  
24 RELATING TO LAPSING OF APPROPRIATIONS.

25 Sec. 13. Section 27-102, Arizona Revised Statutes, is amended to read:

26 27-102. Duties; mines and mineral resources fund

27 A. The department shall:

28 1. Promote the development of the mineral resources and industry of  
29 this state by participating in conferences, seminars, forums, speaking  
30 engagements, public news media and other functions necessary to achieve its  
31 objectives.

32 2. Conduct studies of the economic problems of prospectors and  
33 operators of small mines for the purpose of assisting in their solution and  
34 investigate their properties to assist in development.

35 3. Maintain:

36 (a) An information bank and library of mineral and mining information,  
37 including books, periodicals, films, videotapes and individual mine files.

38 (b) Underground mine map repository files, mining district data and  
39 an archive of mine data.

40 (c) A mineral museum as the state depository for collecting,  
41 cataloging and displaying mineral specimens of various ores, gemstones,  
42 lapidary material and other valuable mineral specimens. THE DIRECTOR MAY  
43 ESTABLISH ENTRANCE FEES TO THE MUSEUM FOR PERSONS WHO ARE AT LEAST EIGHTEEN  
44 YEARS OF AGE.

1           4. Provide quality mining data, evaluation and assistance relating to  
2 mineral development to the legislature and other state and county agencies.

3           5. Make surveys of potential economic mineral resources and conduct  
4 field and other investigations which may interest capital in the development  
5 of the state's mineral resources.

6           6. Serve as a center of mining information for this state in matters  
7 relating to its mineral resources and monitor current mining and exploration  
8 activities.

9           7. Publish and disseminate information and data necessary or advisable  
10 to attain its objectives. The director may establish reasonable fees for  
11 publications.

12           8. Cooperate with the state land department to encourage mining  
13 activity on state lands.

14           9. Cooperate with the corporation commission in its investigations and  
15 administration of laws relating to the sale of mining securities.

16           10. Cooperate with the state geologist and deliver to the Arizona  
17 geological survey problems which the field work of the department shows to  
18 be within the scope of the activities of the Arizona geological survey.

19           11. Cooperate with federal and other agencies in matters related to  
20 developing mineral resources in this state.

21           12. Oppose congressional acts favoring reciprocal or duty free imports  
22 of foreign minerals.

23           13. Use its authority in other ways to assist in more extensive  
24 exploration and development of the mineral resources of the state.

25           B. A mines and mineral resources fund is established consisting of  
26 monies received pursuant to subsection A, PARAGRAPH 3, SUBDIVISION (c) AND  
27 paragraph 7 of this section and section 27-105, paragraph PARAGRAPHS 6 AND  
28 7. Monies in the fund are continuously appropriated to the department for  
29 purposes of administration of the provisions of this article, and monies in  
30 the fund are exempt from the provisions of section 35-190 relating to lapsing  
31 of appropriations.

32           Sec. 14. Section 27-111, Arizona Revised Statutes, is amended to read:  
33           27-111. Financial provisions

34           A. Monies received from any source by the department shall be  
35 deposited, pursuant to sections 35-146 and 35-147, in the appropriate funds  
36 MINES AND MINERAL RESOURCES FUND ESTABLISHED BY SECTION 27-102. Monies  
37 received pursuant to section 27-105, paragraphs 6 and 7 shall be credited to  
38 a special ACCOUNT IN THE fund, designated as the department of mines and  
39 mineral resources fund ACCOUNT, to be used by the department in accordance  
40 with the provisions of section 27-105, paragraph 6 or 7, as appropriate.  
41 MONIES RECEIVED PURSUANT TO SECTION 27-102, SUBSECTION A, PARAGRAPH 3,  
42 SUBDIVISION (c) SHALL BE CREDITED TO AN ACCOUNT IN THE MINES AND MINERAL  
43 RESOURCES FUND TO BE USED FOR OPERATIONS OF THE MINERAL MUSEUM. Monies  
44 obtained from the sale of publications under section 27-102, subsection A,  
45 paragraph 7 shall be credited to the department's printing revolving ACCOUNT

1 IN THE fund for printing further publications. Monies in the department's  
2 printing revolving fund ACCOUNT that at any time are in excess of ten  
3 thousand dollars shall immediately revert to the state general fund.

4 B. Monies in the DEPARTMENT'S printing revolving fund ACCOUNT up to  
5 an amount of ten thousand dollars and monies in OTHER ACCOUNTS IN the  
6 department of mines and mineral resources fund are exempt from THE PROVISIONS  
7 OF section 35-190 relating to the lapsing of appropriations.

8 C. Claims for expenses shall be approved by the director.

9 Sec. 15. Section 28-401, Arizona Revised Statutes, is amended to read:

10 28-401. Intergovernmental agreements

11 A. The department may contract under title 11, chapter 7, article 3  
12 with a state public agency in this state or any other state if the general  
13 welfare of this state will be promoted and protected and if not in conflict  
14 with any other law.

15 B. The director shall enter into agreements on behalf of this state  
16 with political subdivisions or Indian tribes for the improvement or  
17 maintenance of state routes or for the joint improvement or maintenance of  
18 state routes.

19 C. The department may enter into an intergovernmental agreement  
20 pursuant to title 11, chapter 7, article 3 with a county with a population  
21 of more than two million persons according to the most recent United States  
22 decennial census for the construction, design, acquisition and attendant  
23 acquisition costs of a county highway bridge to provide direct access to  
24 commercial, residential and recreational facilities. The agreement shall:

25 1. Contain the commitment of the county to pay other monies for the  
26 purpose of financing the bridge.

27 2. State the responsibilities of each party with regard to planning,  
28 designing, constructing, owning and maintaining the bridge.

29 3. Provide that payment for the costs of the bridge shall be made from  
30 contributions from the parties to the agreement and other contributors before  
31 the use of state transaction privilege tax distributions.

32 D. THE DEPARTMENT MAY ENTER INTO AN INTERGOVERNMENTAL AGREEMENT  
33 PURSUANT TO TITLE 11, CHAPTER 7, ARTICLE 3 WITH A COUNTY WITH A POPULATION  
34 OF MORE THAN TWO MILLION PERSONS FOR THE DESIGN, RECONSTRUCTION AND  
35 IMPROVEMENT COSTS OF A COUNTY HIGHWAY APPROACHING AND TRAVERSING A BRIDGE  
36 CONSTRUCTED PURSUANT TO SUBSECTION C OF THIS SECTION. THE AGREEMENT SHALL:

37 1. CONTAIN THE COMMITMENT OF THE COUNTY TO PAY OTHER MONIES FOR THE  
38 PURPOSE OF FINANCING THE HIGHWAY IMPROVEMENTS.

39 2. STATE THE RESPONSIBILITIES OF EACH PARTY WITH REGARD TO PLANNING,  
40 DESIGNING, CONSTRUCTING, OWNING AND MAINTAINING THE HIGHWAY.

41 3. PROVIDE THAT PAYMENT FOR THE COSTS SHALL BE MADE FROM CONTRIBUTIONS  
42 FROM THE PARTIES TO THE AGREEMENT AND OTHER CONTRIBUTORS BEFORE THE USE OF  
43 STATE TRANSACTION PRIVILEGE TAX DISTRIBUTIONS.

44 4. PROVIDE FOR REIMBURSEMENT TO THE STATE GENERAL FUND OF THE AMOUNT  
45 OF HIGHWAY IMPROVEMENT REVENUES PAID TO THE HIGHWAY IMPROVEMENT INTEREST FUND

1 OR REDEMPTION FUND UNDER SECTION 28-7656, SUBSECTION B ON THE VOLUNTARY  
2 CONVEYANCE OF A MAJORITY OWNERSHIP INTEREST IN A SPORTS ENTERTAINMENT  
3 FACILITY AS PRESCRIBED BY SECTION 42-5032, SUBSECTION B.

4 5. BE SUBMITTED TO THE JOINT LEGISLATIVE BUDGET COMMITTEE FOR ITS  
5 REVIEW BEFORE THE EXECUTION OF THE AGREEMENT.

6 ~~D.~~ E. The department may enter into agreements with Indian tribes to  
7 provide a method or formula to refund taxes paid on exempt motor fuel  
8 purchases or use pursuant to this title. For the purposes of this  
9 subsection, "motor fuel" has the same meaning prescribed in section 28-5601.

10 ~~E.~~ F. The department may enter into an intergovernmental agreement  
11 pursuant to title 11, chapter 7, article 3 that obligates the department to  
12 indemnify and defend a city, town, county, flood control district, irrigation  
13 district or agricultural improvement district or any other political  
14 subdivision or governmental agency against claims of liability for injuries,  
15 losses or damages incurred in any way as a result of the acts or omissions  
16 of the department, including acts, errors, omissions or mistakes of any  
17 person for which the department may be liable, and arising out of the  
18 construction, operation or maintenance of department projects or facilities  
19 or use of department projects or facilities. A city, town, county, flood  
20 control district, irrigation district or agricultural improvement district  
21 or any other political subdivision or governmental agency may enter into an  
22 intergovernmental agreement pursuant to title 11, chapter 7, article 3 that  
23 obligates such an entity to indemnify and defend the department against  
24 claims of liability for injuries, losses or damages incurred in any way as  
25 a result of the acts or omissions of such entity, including acts, errors,  
26 omissions or mistakes of any person for which the entity may be liable, and  
27 arising out of the construction, operation or maintenance of projects or  
28 facilities or use of projects or facilities. Any indemnification pursuant  
29 to an intergovernmental agreement must be approved by state risk management  
30 in the department of administration.

31 Sec. 16. Section 28-737, Arizona Revised Statutes, is amended to read:

32 28-737. High occupancy vehicle lanes; civil penalty; definition

33 A. Except as provided in section 28-2416 and subsections B and C of  
34 this section, a person shall not drive a vehicle carrying fewer than two  
35 persons, including the driver, in a high occupancy vehicle lane at any time  
36 the use of the high occupancy vehicle lane is restricted to vehicles carrying  
37 two or more persons, including the driver.

38 B. If the department receives approval from the federal government  
39 allowing the use of high occupancy vehicle lanes by hybrid vehicles, a person  
40 may drive a hybrid vehicle with alternative fuel vehicle special plates, or  
41 an alternative fuel vehicle sticker, and a hybrid vehicle sticker issued  
42 pursuant to section 28-2416 in high occupancy vehicle lanes at any time,  
43 regardless of occupancy level, without penalty.

1 C. During the performance of a tow truck operator's duties, a tow  
2 truck operator may drive a tow truck in a high occupancy vehicle lane,  
3 regardless of occupancy level, without penalty.

4 D. A person who violates subsection A of this section is subject to  
5 a civil penalty of two hundred dollars.

6 E. Notwithstanding section 28-1554, one hundred dollars of each civil  
7 penalty collected pursuant to subsection D of this section shall be deposited  
8 in the ~~Arizona clean air~~ STATE GENERAL fund. ~~established by section 49-411~~  
9 ~~to provide grants to a regional planning agency in a county with a population~~  
10 ~~of more than one million two hundred thousand persons for conversion of~~  
11 ~~diesel fleets in the county to use alternative fuels or for acquisition of~~  
12 ~~alternative fuel vehicles to replace diesel fleets in the county.~~

13 F. For the purposes of this section, "hybrid vehicle" means a  
14 factory-manufactured vehicle that satisfies all of the following:

15 1. Combines two or more power train technologies to produce a vehicle  
16 with significantly lower fuel consumption than the average of its class.

17 2. Exhibits the storage of kinetic energy by use of regenerative  
18 braking and batteries or capacitors, and the stored energy is used to assist  
19 or provide full acceleration of the vehicle.

20 3. Allows a portion of the energy to be supplied from an internal  
21 combustion engine or fuel cell for vehicle acceleration and to store  
22 electrical energy on board.

23 4. Obtains all energy required to operate from storage fuel tanks  
24 placed on board the vehicle.

25 5. Has been approved by the United States environmental protection  
26 agency as meeting, at a minimum, the United States environmental protection  
27 agency ultralow emission vehicle standard pursuant to 40 Code of Federal  
28 Regulations section 88.104-94.

29 Sec. 17. Section 28-876, Arizona Revised Statutes, is amended to read:

30 28-876. Parking spaces for electric vehicles; civil penalty

31 A. A person shall not stop, stand or park a motor vehicle within any  
32 parking space specially designated for parking and fueling motor vehicles  
33 fueled by electricity unless the motor vehicle is powered by electricity and  
34 has been issued an alternative fuel vehicle special plate or sticker pursuant  
35 to section 28-2416.

36 B. If a law enforcement officer finds a motor vehicle in violation of  
37 this section, the law enforcement officer shall issue a complaint to the  
38 operator or other person in charge of the motor vehicle or, if an operator  
39 or other person is not present, to the registered owner of the motor vehicle  
40 for a civil traffic violation.

41 C. A person who is found responsible for a violation of this section  
42 is subject to a civil penalty of at least three hundred fifty dollars.  
43 Notwithstanding section 28-1554, the civil penalties collected pursuant to  
44 this subsection shall be deposited in the ~~Arizona clean air~~ STATE GENERAL  
45 fund. ~~established by section 49-411.~~

1 ~~Sec. 18. Section 28-2413, Arizona Revised Statutes, is amended to~~  
2 read:

3 28-2413. Environmental special plates

4 A. The department shall issue environmental special plates. The  
5 environmental special plates shall have the same basic color and design as  
6 the environmental license plates issued on or before December 31, 1992,  
7 except that the department may make minor alterations of environmental  
8 special plates to make the plates more reflective and readable during the  
9 daylight and nighttime hours.

10 B. Of the twenty-five dollar fee required by section 28-2402 for  
11 original environmental special plates and for renewal of environmental  
12 special plates, eight dollars is a special plate administration fee and  
13 seventeen dollars is an environmental plate annual donation.

14 C. The department shall deposit, pursuant to sections 35-146 and  
15 35-147, all special plate administration fees in the state highway fund  
16 established by section 28-6991 and shall deposit the environmental plate  
17 annual donations in the environmental special plate fund established by  
18 section 37-1015 for disbursement by the state land department for  
19 ~~environmental education programs FOR APPROPRIATION BY THE LEGISLATURE.~~

20 Sec. 19. Section 28-2416, Arizona Revised Statutes, is amended to  
21 read:

22 28-2416. Alternative fuel vehicle special plates; stickers; use  
23 of high occupancy vehicle lanes; definitions

24 A. Beginning on April 1, 1997, a person who owns a motor vehicle that  
25 has either been converted or manufactured to use an alternative fuel and the  
26 alternative fuel was subject to the use fuel tax imposed pursuant to chapter  
27 16 of this title before April 1, 1997 shall apply for alternative fuel  
28 vehicle special plates pursuant to this section.

29 B. A person who owns a motor vehicle that is a hybrid vehicle may  
30 apply for alternative fuel vehicle special plates pursuant to this  
31 section. The department shall issue alternative fuel vehicle special plates,  
32 or an alternative fuel vehicle sticker as provided in subsection E of this  
33 section, and a hybrid vehicle sticker to a person who satisfies the  
34 requirements prescribed in subsection C of this section. The hybrid vehicle  
35 sticker shall be designed by the department and shall be placed on the motor  
36 vehicle as prescribed by the department.

37 C. The department shall issue alternative fuel vehicle special plates,  
38 or an alternative fuel vehicle sticker as provided in subsection E of this  
39 section, to a person who satisfies all of the following:

40 1. Owns a motor vehicle that is powered by an alternative fuel or that  
41 is a hybrid vehicle.

42 2. Provides proof as follows:

43 (a) For an original equipment manufactured alternative fuel vehicle  
44 or hybrid vehicle, the dealer who sells the motor vehicle shall provide to

1 the department of transportation and the owner of the motor vehicle a  
2 certificate indicating:

3 (i) That the motor vehicle is powered by an alternative fuel or is a  
4 hybrid vehicle.

5 (ii) The emission classification of the motor vehicle as low,  
6 inherently low, ultralow or zero.

7 (b) For a converted motor vehicle or a motor vehicle that is assembled  
8 by the owner, the department of environmental quality or an agent of the  
9 department of environmental quality shall provide a certificate to the  
10 department of transportation and the owner of the motor vehicle indicating  
11 that the motor vehicle is powered by an alternative fuel or is a hybrid  
12 vehicle.

13 3. Pays an eight dollar special plate administrative fee, except that  
14 vehicles that are registered pursuant to section 28-2511 are exempt from that  
15 fee. The department shall deposit, pursuant to sections 35-146 and 35-147,  
16 all special plate administrative fees in the state highway fund established  
17 by section 28-6991.

18 D. The color and design of the alternative fuel vehicle special plates  
19 are subject to the approval of the department of commerce energy office. The  
20 director may allow a request for alternative fuel vehicle special plates to  
21 be combined with a request for personalized special plates. If the director  
22 allows such a combination, the request shall be in a form prescribed by the  
23 director and is subject to the fees for the personalized special plates in  
24 addition to the fees required for alternative fuel vehicle special plates.  
25 Alternative fuel vehicle special plates are not transferable, except that if  
26 the director allows alternative fuel vehicle special plates to be  
27 personalized a person who is issued personalized alternative fuel vehicle  
28 special plates may transfer those plates to another alternative fuel vehicle  
29 for which the person is the registered owner or lessee.

30 E. If a motor vehicle qualifies pursuant to this section and any other  
31 special plates are issued pursuant to article 7, 8 or 13 of this chapter or  
32 section 28-2514 for the motor vehicle, the department may issue an  
33 alternative fuel vehicle sticker to the person who owns the motor vehicle.  
34 The alternative fuel vehicle sticker shall be diamond-shaped, shall indicate  
35 the type of alternative fuel used by the vehicle and shall be placed on the  
36 motor vehicle as prescribed by the department.

37 F. Except as provided in section 28-737, subsection B, a person may  
38 drive a motor vehicle with alternative fuel vehicle special plates or an  
39 alternative fuel vehicle sticker in high occupancy vehicle lanes at any time,  
40 regardless of occupancy level, without penalty.

41 G. A person shall not drive a motor vehicle in a high occupancy  
42 vehicle lane with an alternative fuel vehicle sticker if the motor vehicle  
43 is not an alternative fuel vehicle or a hybrid vehicle for which an  
44 alternative fuel vehicle sticker and a hybrid vehicle sticker have been  
45 issued pursuant to this section. A person who violates this subsection is

1 subject to a civil penalty of three hundred fifty dollars. Notwithstanding  
2 section 28-1554, the civil penalty collected pursuant to this subsection  
3 shall be deposited in the ~~Arizona clean air~~ STATE GENERAL fund. established  
4 by ~~section 49-411~~.

5 H. The department shall mark high occupancy vehicle lane signs to  
6 indicate that those lanes may be used by alternative fuel vehicles regardless  
7 of the number of occupants. The design of the sign shall be the same as the  
8 design of the alternative fuel vehicle special plate, and the sign shall be  
9 at least as large as the high occupancy vehicle lane sign. These high  
10 occupancy vehicle lane signs are official traffic control devices. On  
11 highway exit signs the department shall also indicate access to alternative  
12 fuel vehicle fueling stations that are open to the public.

13 I. If the department publishes maps of the state highway system that  
14 are distributed to the general public, the department shall indicate on those  
15 maps the approximate location of alternative fuel delivery facilities that  
16 are open to the public.

17 J. For the purposes of this section:

18 1. "Alternative fuel" has the same meaning prescribed in section  
19 1-215.

20 2. "Hybrid vehicle" has the same meaning prescribed in section 28-737.

21 Sec. 20. Heading change

22 The article heading of title 28, chapter 21, article 4, Arizona Revised  
23 Statutes, is changed from "BONDS SECURED BY BRIDGE CONSTRUCTION REVENUES" to  
24 "BONDS SECURED BY BRIDGE CONSTRUCTION OR HIGHWAY IMPROVEMENT REVENUES".

25 Sec. 21. Section 28-7651, Arizona Revised Statutes, is amended to  
26 read:

27 28-7651. Definitions

28 In this article, unless the context otherwise requires:

29 1. "Bond" means a bond secured solely by bridge construction revenues  
30 OR A BOND SECURED SOLELY BY HIGHWAY IMPROVEMENT REVENUES as authorized and  
31 issued pursuant to this article.

32 2. "Bridge construction revenues" means monies received pursuant to  
33 section 42-5032, SUBSECTION A, and deposited in the BRIDGE CONSTRUCTION  
34 interest fund or redemption fund under section 28-7656, SUBSECTION A.

35 3. "HIGHWAY IMPROVEMENT REVENUES" MEANS MONIES RECEIVED PURSUANT TO  
36 SECTION 42-5032, SUBSECTION B AND DEPOSITED IN THE HIGHWAY IMPROVEMENT  
37 INTEREST FUND OR REDEMPTION FUND UNDER SECTION 28-7656, SUBSECTION B.

38 Sec. 22. Section 28-7652, Arizona Revised Statutes, is amended to  
39 read:

40 28-7652. Agreement for construction of bridge

41 A. The department and a county with a population of more than two  
42 million persons ~~according to the most recent United States decennial census~~  
43 may enter into an intergovernmental agreement pursuant to title 11, chapter  
44 7, article 3 for the construction of a bridge to provide direct access to  
45 commercial, residential and recreational facilities.

1        ~~B.~~ The agreement shall:

2        1. Contain the commitment of this state and the county to transfer  
3 bridge construction revenues to the county treasurer for deposit in the  
4 BRIDGE CONSTRUCTION interest fund or redemption fund under section 28-7656,  
5 SUBSECTION A for the purpose of financing the construction, design,  
6 acquisition and attendant acquisition costs of the bridge.

7        2. Contain the commitment of the county to pay other monies for the  
8 purpose of financing the bridge.

9        3. Include this state's pledge of sufficient bridge construction  
10 revenues to fulfill this state's obligation for funding the bridge.

11       4. State the responsibilities of each party with regard to planning,  
12 designing, constructing, owning and maintaining the bridge.

13       5. Provide that payment for the costs of the bridge shall be made from  
14 contributions from the parties to the agreement and other contributors before  
15 the use of bond proceeds.

16       B. THE DEPARTMENT AND THE COUNTY MAY ENTER INTO AN INTERGOVERNMENTAL  
17 AGREEMENT PURSUANT TO TITLE 11, CHAPTER 7, ARTICLE 3 FOR THE DESIGN,  
18 RECONSTRUCTION AND IMPROVEMENT OF A COUNTY HIGHWAY APPROACHING AND TRAVERSING  
19 A BRIDGE CONSTRUCTED PURSUANT TO SUBSECTION A OF THIS SECTION. THE AGREEMENT  
20 SHALL:

21       1. CONTAIN THE COMMITMENT OF THIS STATE AND THE COUNTY TO TRANSFER  
22 HIGHWAY IMPROVEMENT REVENUES TO THE COUNTY TREASURER FOR DEPOSIT IN THE  
23 HIGHWAY IMPROVEMENT INTEREST FUND OR REDEMPTION FUND PURSUANT TO SECTION  
24 28-7656, SUBSECTION B FOR THE PURPOSE OF FINANCING THE DESIGN, RECONSTRUCTION  
25 AND IMPROVEMENT COSTS OF THE HIGHWAY.

26       2. CONTAIN THE COMMITMENT OF THE COUNTY TO PAY OTHER MONIES FOR THE  
27 PURPOSE OF FINANCING THE HIGHWAY IMPROVEMENTS.

28       3. INCLUDE THIS STATE'S PLEDGE OF SUFFICIENT HIGHWAY IMPROVEMENT  
29 REVENUES TO FULFILL THIS STATE'S OBLIGATION FOR FUNDING THE HIGHWAY  
30 IMPROVEMENTS.

31       4. STATE THE RESPONSIBILITIES OF EACH PARTY WITH REGARD TO PLANNING,  
32 DESIGNING, RECONSTRUCTING, OWNING AND MAINTAINING THE HIGHWAY.

33       5. PROVIDE THAT PAYMENT FOR THE COSTS OF THE HIGHWAY IMPROVEMENTS  
34 SHALL BE MADE FROM CONTRIBUTIONS FROM THE PARTIES TO THE AGREEMENT AND OTHER  
35 CONTRIBUTORS BEFORE THE USE OF BOND PROCEEDS.

36       Sec. 23. Section 28-7653, Arizona Revised Statutes, is amended to  
37 read:

38       28-7653. Bonds secured by bridge construction revenues; bonds  
39                    secured by highway improvement revenues

40       A. If a majority of the members of the county board of supervisors  
41 authorizes the issuance of bonds SECURED BY BRIDGE CONSTRUCTION REVENUES by  
42 resolution dated before July 1, 1998, the county may issue the bonds so  
43 authorized in the manner provided in this article. The bonds SECURED BY  
44 BRIDGE CONSTRUCTION REVENUES may be authorized in an aggregate principal  
45 amount of not more than five million dollars.

1 B. IF A MAJORITY OF THE MEMBERS OF THE COUNTY BOARD OF SUPERVISORS  
2 AUTHORIZES THE ISSUANCE OF BONDS SECURED BY HIGHWAY IMPROVEMENT REVENUES BY  
3 RESOLUTION DATED BEFORE DECEMBER 31, 2003, THE COUNTY MAY ISSUE THE BONDS SO  
4 AUTHORIZED IN THE MANNER PROVIDED IN THIS ARTICLE. BONDS SECURED BY HIGHWAY  
5 IMPROVEMENT REVENUES MAY BE AUTHORIZED IN AN AGGREGATE PRINCIPAL AMOUNT OF  
6 NOT MORE THAN FIVE MILLION DOLLARS.

7 C. ALL PROCEEDS, REVENUES, ACCOUNTING AND PAYMENTS WITH RESPECT TO  
8 BONDS SECURED BY BRIDGE CONSTRUCTION REVENUES PURSUANT TO THIS ARTICLE SHALL  
9 BE CONDUCTED AND MAINTAINED SEPARATELY FROM THOSE WITH RESPECT TO BONDS  
10 SECURED BY HIGHWAY IMPROVEMENT REVENUES PURSUANT TO THIS ARTICLE.

11 ~~B.~~ D. The Bonds ISSUED PURSUANT TO THIS ARTICLE shall not be  
12 considered to be a debt of the county or the state within any constitutional  
13 or statutory debt limit.

14 ~~C.~~ E. When the bonds ISSUED PURSUANT TO THIS ARTICLE are sold, a  
15 schedule shall be filed with the county treasurer showing the amounts of  
16 principal and interest to be paid at each principal and interest payment  
17 date.

18 ~~D.~~ F. The county shall pledge all or any part of the bridge  
19 construction revenues to be received and the county's rights in the BRIDGE  
20 CONSTRUCTION intergovernmental agreement to the payment of an amount of the  
21 bonds SECURED BY BRIDGE CONSTRUCTION REVENUES. THE COUNTY SHALL PLEDGE ALL  
22 OR ANY PART OF THE HIGHWAY IMPROVEMENT REVENUES TO BE RECEIVED AND THE  
23 COUNTY'S RIGHTS IN THE HIGHWAY IMPROVEMENT INTERGOVERNMENTAL AGREEMENT TO THE  
24 PAYMENT OF AN AMOUNT OF THE BONDS SECURED BY HIGHWAY IMPROVEMENT REVENUES.  
25 ~~This pledge constitutes~~ THE PLEDGES CONSTITUTE an irrevocable assignment to  
26 the officer charged with paying the APPLICABLE bonds that is binding on the  
27 county. No notice of the assignment need be filed or recorded and no public  
28 notice of any nature is required to make the pledge effective against any  
29 person claiming an interest in the bridge construction revenues OR HIGHWAY  
30 IMPROVEMENT REVENUES, AS APPLICABLE, except a holder of the bonds. On  
31 receipt of any payment of bridge construction revenues OR HIGHWAY IMPROVEMENT  
32 REVENUES, the county treasurer shall cause a sufficient portion of the amount  
33 received to be deposited in the BRIDGE CONSTRUCTION redemption fund and  
34 interest fund, OR THE HIGHWAY IMPROVEMENT REDEMPTION FUND OR INTEREST FUND,  
35 established under section 28-7656 pertaining to the APPLICABLE bonds.

36 ~~E.~~ G. No BRIDGE CONSTRUCTION bondholder may claim a preference as to  
37 source of payment over any other BRIDGE CONSTRUCTION bondholder of the same  
38 series. NO HIGHWAY IMPROVEMENT BONDHOLDER MAY CLAIM A PREFERENCE AS TO  
39 SOURCE OF PAYMENT OVER ANY OTHER HIGHWAY IMPROVEMENT BONDHOLDER OF THE SAME  
40 SERIES.

41 Sec. 24. Section 28-7654, Arizona Revised Statutes, is amended to  
42 read:

43 28-7654. Issuance of bonds

44 A. The county board of supervisors is authorized to issue bonds  
45 secured by a pledge of bridge construction revenues.

1 B. THE COUNTY BOARD OF SUPERVISORS IS AUTHORIZED TO ISSUE BONDS  
2 SECURED BY A PLEDGE OF HIGHWAY IMPROVEMENT REVENUES.

3 ~~B.~~ C. The ANY bonds ISSUED PURSUANT TO THIS ARTICLE may be issued in  
4 one or more series, bear the dates, be payable in the medium of payment and  
5 at the places, bear the rates of interest, including variable rates, carry  
6 the registration privileges and prior redemption provisions, be executed in  
7 the manner, contain the other terms, covenants and conditions and be in the  
8 form the board of supervisors prescribes. The bonds shall be sold at, above  
9 or below par in the manner as the board of supervisors determines.

10 Sec. 25. Section 28-7655, Arizona Revised Statutes, is amended to  
11 read:

12 28-7655. Characteristics of bonds

13 The bonds issued under this article:

14 1. Are fully negotiable within the meaning and for all purposes  
15 provided by title 47.

16 2. Are payable only according to their terms from bridge construction  
17 revenues OR HIGHWAY IMPROVEMENT REVENUES, AS APPLICABLE, and are not general,  
18 special or other obligations of the issuing county or this state. The bonds  
19 do not constitute a legal debt of this state and are not enforceable against  
20 this state. Payment of the bonds shall not be made from any monies other  
21 than those allowed to be pledged.

22 Sec. 26. Section 28-7656, Arizona Revised Statutes, is amended to  
23 read:

24 28-7656. Interest funds; redemption funds

25 A. The treasurer of the county issuing the bonds SECURED BY BRIDGE  
26 CONSTRUCTION REVENUES shall establish an interest fund and a redemption fund  
27 for paying the bonds. The treasurer shall deposit into the funds bridge  
28 construction revenues in amounts sufficient to pay the interest and principal  
29 of the bonds as they mature. The funds shall be used solely to pay principal  
30 and interest on the bonds.

31 B. THE TREASURER OF THE COUNTY ISSUING BONDS SECURED BY HIGHWAY  
32 IMPROVEMENT REVENUES SHALL ESTABLISH AN INTEREST FUND AND A REDEMPTION FUND  
33 FOR PAYING THE BONDS. THE TREASURER SHALL DEPOSIT INTO THE FUNDS HIGHWAY  
34 IMPROVEMENT REVENUES IN AMOUNTS SUFFICIENT TO PAY THE INTEREST AND PRINCIPAL  
35 OF THE BONDS AS THEY MATURE. THE FUNDS SHALL BE USED SOLELY TO PAY THE  
36 PRINCIPAL AND INTEREST ON THE BONDS.

37 C. THE FUNDS UNDER SUBSECTIONS A AND B SHALL BE ESTABLISHED AND  
38 MAINTAINED SEPARATELY AND USED EXCLUSIVELY FOR THE RESPECTIVE PURPOSES FOR  
39 WHICH THEY ARE ESTABLISHED.

40 Sec. 27. Section 28-7657, Arizona Revised Statutes, is amended to  
41 read:

42 28-7657. Pledge of revenues to secure debt instruments

43 A. Notwithstanding any other provision of this article, a county that  
44 receives bridge construction revenues may pledge, by separate covenant  
45 included in the resolution authorizing the issuance of any BRIDGE

1 CONSTRUCTION REVENUE bonds under this article or obligations it may incur,  
2 future receipts of the revenues to the payment of the BRIDGE CONSTRUCTION  
3 REVENUE bonds or to the costs of the bridge. The pledge may be included in  
4 the resolution authorizing the issuance of the bonds.

5 B. The resolution authorizing THE ISSUANCE OF the bonds may also  
6 authorize assigning bridge construction revenues to a trustee or paying agent  
7 to secure the bonds.

8 B. NOTWITHSTANDING ANY OTHER PROVISION OF THIS ARTICLE, A COUNTY THAT  
9 RECEIVES HIGHWAY IMPROVEMENT REVENUES MAY PLEDGE, BY SEPARATE COVENANT  
10 INCLUDED IN THE RESOLUTION AUTHORIZING THE ISSUANCE OF HIGHWAY IMPROVEMENT  
11 REVENUE BONDS UNDER THIS ARTICLE OR OBLIGATIONS IT MAY INCUR, FUTURE RECEIPTS  
12 OF THE REVENUES TO THE PAYMENT OF THE HIGHWAY IMPROVEMENT REVENUE BONDS OR  
13 TO THE COSTS OF THE HIGHWAY IMPROVEMENTS. THE PLEDGE MAY BE INCLUDED IN THE  
14 RESOLUTION AUTHORIZING THE ISSUANCE OF THE BONDS. THE RESOLUTION AUTHORIZING  
15 THE ISSUANCE OF THE BONDS MAY ALSO AUTHORIZE ASSIGNING HIGHWAY IMPROVEMENT  
16 REVENUES TO A TRUSTEE OR PAYING AGENT TO SECURE THE BONDS.

17 Sec. 28. Section 28-7658, Arizona Revised Statutes, is amended to  
18 read:

19 28-7658. Agreement of state

20 A. This state pledges to and agrees with the holders of the bonds  
21 SECURED BY BRIDGE CONSTRUCTION REVENUES AND HIGHWAY IMPROVEMENT REVENUES that  
22 it will not limit, alter or impair the rights vested in a county under this  
23 article to receive bridge construction revenues OR HIGHWAY IMPROVEMENT  
24 REVENUES, AS APPLICABLE, AND AS necessary to produce sufficient revenue to  
25 fulfill the terms of any intergovernmental agreements made with the county,  
26 or in any way impair the rights and remedies of the bondholders to receive  
27 bridge construction THE NECESSARY revenues, until all THE APPLICABLE bonds  
28 issued under this article, are fully met and discharged.

29 B. The county may include this pledge and undertaking in its  
30 resolutions and indentures securing the bonds under this article.

31 Sec. 29. Section 28-8101, Arizona Revised Statutes, is amended to  
32 read:

33 28-8101. Local transportation assistance fund

34 A. A local transportation assistance fund is established consisting  
35 of:

- 36 1. Monies deposited from the state lottery fund pursuant to section  
37 5-522.
- 38 2. Monies appropriated pursuant to subsection B of this section.
- 39 3. Monies deposited pursuant to section 28-5808, subsection C.
- 40 4. Interest earned on local transportation assistance monies as  
41 provided in subsection C of this section.

42 B. The legislature shall appropriate an amount that is necessary to  
43 provide that the total monies available in the local transportation  
44 assistance fund for each fiscal year equal twenty million five hundred  
45 thousand dollars.

1 C. The state treasurer shall invest and divest monies in the local  
2 transportation assistance fund as provided by section 35-313, and monies  
3 earned from investment shall be credited to the fund.

4 D. A maximum amount of twenty-three million dollars may be deposited  
5 in the local transportation assistance fund each fiscal year from the state  
6 lottery fund as provided in section 5-522, subsection B.

7 E. A maximum amount of eighteen million dollars may be deposited in  
8 the local transportation assistance fund each fiscal year from the state  
9 lottery fund as provided in section 5-522, subsection A, paragraphs 3- 4 and  
10 5- 6.

11 Sec. 30. Section 28-8103, Arizona Revised Statutes, is amended to  
12 read:

13 28-8103. Special lottery and vehicle license tax monies; fund  
14 distribution; notice; proposals; annual financial  
15 report; definitions

16 A. Monies in the local transportation assistance fund pursuant to  
17 section 5-522, subsection A, paragraphs 3- 4 and 5- 6 and section 28-5808,  
18 subsection C shall be available for distribution by the department to the  
19 following in the proportion that the population of each bears to the total  
20 population of this state:

21 1. In each county with a population of one million two hundred  
22 thousand or more persons, to the public transportation fund established by  
23 section 48-5103.

24 2. In each county with a population of five hundred thousand or more  
25 persons but less than one million two hundred thousand persons, to the  
26 metropolitan planning organization in the county.

27 3. In each county with a population of less than five hundred thousand  
28 persons, to cities and towns located in the county and to the county board  
29 of supervisors. The distribution to the county board of supervisors shall  
30 be based on the unincorporated population of the county.

31 B. The department shall not distribute more than eighteen million  
32 dollars in any one fiscal year as provided in this section. Monies  
33 distributed pursuant to this section are exempt from the provisions of  
34 section 35-190 relating to lapsing of appropriations.

35 C. The department shall distribute monies to a public transportation  
36 fund or a metropolitan planning organization pursuant to subsection A,  
37 paragraphs 1 and 2 of this section when a regional public transportation  
38 authority or metropolitan planning organization certifies that its local  
39 monies have been spent or are in the process of being spent. The monies  
40 distributed pursuant to subsection A, paragraphs 1 and 2 of this section  
41 shall be further distributed as matching grants to cities and towns located  
42 in the county in the proportion that the population of each city or town  
43 bears to the total population in that county and to the board of supervisors  
44 in the proportion that the unincorporated population of the county bears to  
45 the total population in that county. The monies distributed pursuant to

1 subsection A, paragraph 3 of this section shall be distributed as matching  
2 grants to cities, towns and boards of supervisors.

3 D. Monies distributed pursuant to subsection C of this section shall  
4 only be distributed to cities, towns and counties that satisfy the following  
5 match requirements:

6 1. For counties with a population of five hundred thousand or more  
7 persons, a match that is at least equal to the amount of grant monies  
8 requested by a county.

9 2. For counties with a population of less than five hundred thousand  
10 persons, a match that is at least equal to one-fourth of the amount of grant  
11 monies requested by a county.

12 3. For cities with a population of fifty thousand or more persons, a  
13 match that is at least equal to the amount of grant monies requested by a  
14 city.

15 4. For cities or towns with a population of less than fifty thousand  
16 persons, a match that is at least equal to one-fourth of the amount of the  
17 grant monies requested by a city or town.

18 E. A regional public transportation authority, a metropolitan planning  
19 organization and the department shall notify cities, towns and boards of  
20 supervisors within their jurisdictions of the maximum amount of matching  
21 grant monies available to them each year pursuant to this section. Each year  
22 cities, towns and counties may submit proposals to a regional public  
23 transportation authority, a metropolitan planning organization or the  
24 department requesting some or all of the matching grant monies available to  
25 them in that year. For distributions pursuant to subsection A, paragraph 1  
26 or 2 of this section, each proposal shall certify that the city, town or  
27 county will invest local monies in an amount that is at least equal to the  
28 amount prescribed in subsection D of this section and shall detail a plan for  
29 spending all matching grant and local monies, and if a city, town or county  
30 complies with this section, the regional public transportation authority or  
31 metropolitan planning organization shall distribute matching grant monies to  
32 the city, town or county. For distributions pursuant to subsection A,  
33 paragraph 3 of this section, each proposal shall certify that the city, town  
34 or county will invest local monies in an amount that is at least equal to the  
35 amount prescribed in subsection D of this section and shall detail a plan for  
36 spending all matching grant and local monies.

37 F. Except as provided in subsection G of this section, monies  
38 distributed pursuant to this section shall be used only for public transit  
39 purposes, including operating and capital purposes, that are determined by  
40 the distributing agency to conform with the long-range transportation plan  
41 or regional transportation plan.

42 G. A city, town or county may use monies it receives PURSUANT TO THIS  
43 SECTION for other transportation purposes if it receives less than two  
44 thousand five hundred dollars pursuant to this section in a calendar year  
45 pursuant to this section.

1           H. On or before November 1 of each year, a regional public  
2 transportation authority or metropolitan planning organization that receives  
3 monies pursuant to this section shall submit an annual report to the director  
4 that contains the following information that is attested to by an independent  
5 certified public accountant:

6           1. A schedule of beginning and ending fund balances.

7           2. All monies received pursuant to this section and the specific  
8 purposes for which they are spent, including whether they are spent for  
9 operating or capital purposes.

10          3. All local matching expenditures made pursuant to this section.

11          I. On or before January 1 of each year, the director shall submit a  
12 report on compliance with the reporting requirements prescribed in this  
13 section to the governor, the president of the senate, the speaker of the  
14 house of representatives and the joint legislative budget committee. The  
15 director's report shall include:

16          1. A determination of whether each regional public transportation  
17 authority and metropolitan planning organization has complied with the  
18 reporting requirements prescribed in this section.

19          2. A summary of the monies allocated to each regional public  
20 transportation authority and metropolitan planning organization pursuant to  
21 this section in the preceding fiscal year.

22          3. A summary of local monies spent on public transit pursuant to this  
23 section.

24          J. The director shall notify by certified mail each regional public  
25 transportation authority and metropolitan planning organization that is not  
26 in compliance with the reporting requirements prescribed in this section of  
27 its noncompliance. A regional public transportation authority or  
28 metropolitan planning organization that receives this notice shall comply  
29 with the reporting requirements prescribed in this section within thirty days  
30 after receipt of the notice. If a regional public transportation authority  
31 or metropolitan planning organization fails to comply with the reporting  
32 requirements prescribed in this section within thirty days after receipt of  
33 the notice, it is not eligible to receive any monies pursuant to this section  
34 in the next fiscal year.

35          K. A metropolitan planning organization, city, town or county may  
36 enter into an intergovernmental agreement with a federally recognized Indian  
37 tribe to provide financial assistance pursuant to this section for  
38 maintaining or operating an existing public transit service provided by the  
39 Indian tribe.

40          L. For the purposes of this section:

41          1. "Local monies" means:

42          (a) Revenue that is generated by a city, town or county from  
43 nonfederal sources and that was first appropriated by the city, town or  
44 county for public transit activities in or after fiscal year 1993-1994.

1 (b) Donations that are received by a city, town or county from  
2 nongovernmental sources and that are in the form of monies or in-kind  
3 contributions.

4 2. "Population" means the population of a city, town or county as  
5 defined pursuant to section 41-563.

6 3. "Public transit" means local, regional or intercity transportation  
7 of passengers by means of a public conveyance, including para-transit, and  
8 local transportation of passengers by car pool vehicle. For the purposes of  
9 this paragraph, "car pool vehicle" means any motor vehicle when operated by  
10 a car pool operator as defined in section 28-4032.

11 Sec. 31. Section 28-8345, Arizona Revised Statutes, is amended to  
12 read:

13 28-8345. Registration fees; penalties; taxes; distribution

14 A. Monies received from the registration and ~~penalties~~ FEES collected  
15 pursuant to this article shall be deposited, pursuant to sections 35-146 and  
16 35-147, in the state aviation fund. MONIES RECEIVED FROM CIVIL PENALTIES  
17 COLLECTED PURSUANT TO THIS ARTICLE SHALL BE DEPOSITED, PURSUANT TO SECTIONS  
18 35-146 AND 35-147, IN THE STATE GENERAL FUND.

19 B. Not later than the fifteenth day of each month, the department  
20 shall transmit monies received from the taxes imposed under this article to  
21 the state treasurer who shall deposit the monies in the state aviation fund  
22 for use in the construction, development and improvement of airports.

23 Sec. 32. Section 35-131, Arizona Revised Statutes, is amended to read:

24 35-131. Accounting system; reports; notice of deficiency; forms

25 A. In accordance with generally accepted governmental accounting  
26 principles, the department of administration shall develop and prescribe for  
27 the use of all budget units a uniform accounting system so designed as to  
28 insure ENSURE compliance with all legal and constitutional requirements  
29 including those respecting the receipt and expenditure of and the  
30 accountability for public monies.

31 B. The department of administration shall maintain complete, accurate  
32 and current financial records relating to state monies and to other public  
33 monies in the state treasury available to, encumbered or expended by each  
34 budget unit, including trust monies or other monies not subject to  
35 appropriation, setting out all revenues, charges against all funds, fund and  
36 appropriation balances, interfund transfers, outstanding warrants and  
37 encumbrances, in a manner consistent with the uniform state accounting  
38 system, for the preparation of statewide financial statements in accordance  
39 with generally accepted governmental accounting principles.

40 C. Each month the department of administration shall prepare and  
41 submit to the governor a report summarizing by budget unit and appropriation  
42 or other fund source the above information in such form as will most clearly  
43 and accurately set out the current fiscal condition of the state and shall  
44 furnish to each budget unit a report of its transactions by appropriation or

1 other fund source in a form that will clearly and accurately show the fiscal  
2 activity and condition of such appropriation or fund source.

3 D. The responsible official for each budget unit shall monitor reports  
4 prepared pursuant to subsection C of this section to identify any projected  
5 total deficiency for the budget unit fiscal year. On a determination of a  
6 projected deficiency, the official shall take any action necessary to assure  
7 continuing compliance with section 1-254 by notifying the governor, the  
8 speaker of the house of representatives, the president of the senate and the  
9 chairman of the joint legislative budget committee of the deficiency and the  
10 reasons for the deficiency. The initial notification of the deficiency shall  
11 be followed within ten business days by a report from the responsible budget  
12 unit official that includes the following:

13 1. A complete explanation of the causes of the deficiency.

14 2. A PLAN THAT ASSURES THAT THE DEFICIENCY WILL BE RESOLVED WITHIN THE  
15 FISCAL YEAR WITHOUT SUPPLEMENTAL APPROPRIATION AND THAT INCLUDES THE POLICY  
16 AND PROGRAMMATIC IMPLICATIONS OF THE DEFICIENCY AND THE PLAN.

17 3. A commitment to provide a progress report if the projected  
18 degree of deficiency changes substantially. The report shall include  
19 additional measures necessary to assure resolution of the deficiency within  
20 the fiscal year.

21 ~~E. On request of the governor, the speaker of the house of~~  
22 ~~representatives, the president of the senate or the chairman of the joint~~  
23 ~~legislative budget committee, the responsible official for a budget unit~~  
24 ~~shall also include in the report prescribed in subsection D of this section~~  
25 ~~a plan that assures that the deficiency will be resolved within the fiscal~~  
26 ~~year without supplemental appropriation and that includes the policy and~~  
27 ~~programmatic implications of the deficiency and the plan.~~

28 F. E. On or before December 1 of each year the director of the  
29 department of administration shall submit to the governor a complete report  
30 of the financial transactions of the preceding fiscal year and of the  
31 financial condition of the state at the end of that year with such comments  
32 and supplementary data as the director of the department of administration  
33 deems necessary to make the report complete and readily understandable.

34 G. F. The director of the department of administration shall  
35 prescribe uniform classifications for assets, liabilities, receipts and  
36 expenditures and forms for the periodic reporting of financial accounts,  
37 transactions and other matters by budget units compatible with the reports  
38 required of the director of the department of administration under this  
39 section. Such records and accounts shall be maintained and reconciled by  
40 budget units. If required for reporting, the department of administration  
41 may establish or delete funds and budget units may maintain additional  
42 records for reporting to the federal government or other funding source.

43 H. G. Each organization that is included in the state's reporting  
44 entity as defined by generally accepted accounting principles shall submit  
45 all necessary financial statements or information to the department of

1 administration on a basis of accounting that is consistent with generally  
2 accepted accounting principles and that is in accordance with the policies  
3 and procedures of the department of administration.

4 Sec. 33. Repeal

5 Section 35-193.01, Arizona Revised Statutes, is repealed.

6 Sec. 34. Section 38-619, Arizona Revised Statutes, is amended to read:

7 38-619. Performance based incentives program oversight  
8 committee

9 A. A performance based incentives program oversight committee is  
10 established consisting of:

11 1. The director of the department of administration or the director's  
12 designee.

13 2. The executive director of the Arizona board of regents or the  
14 executive director's designee.

15 3. Two members of the senate who are appointed by the president of the  
16 senate. The appointees shall be members of different political parties. One  
17 of these appointees shall be designated to cochair the committee.

18 4. Two members of the house of representatives who are appointed by  
19 the speaker of the house of representatives. The appointees shall be members  
20 of different political parties. One of these appointees shall be designated  
21 to cochair the committee.

22 ~~5. The executive manager of the governor's office for excellence in~~  
23 ~~government or the executive manager's designee.~~

24 ~~6.~~ 5. An agency director who is appointed by the governor.

25 ~~7.~~ 6. A representative from the governor's office of affirmative  
26 action EQUAL OPPORTUNITY who is appointed by the governor.

27 ~~8.~~ 7. Two public members who have expertise in compensation  
28 analysis. The speaker of the house of representatives shall appoint one of  
29 these members, and the president of the senate shall appoint one of these  
30 members.

31 8. The committee shall:

32 1. Develop and adopt guidelines for a state employee performance based  
33 incentives program. The guidelines shall include agency or university goals  
34 that result in cost reduction, increased productivity and improved quality  
35 of the delivery of state services or products.

36 2. Identify incentives and available resources to provide incentives,  
37 such as vacancy savings achieved in each state agency and state university.

38 3. Coordinate with state agencies and universities participating in  
39 the ongoing performance based incentives program to evaluate the success of  
40 the program.

41 4. Review agency and university requests to participate in a pilot  
42 incentive program or an established performance based incentive program and  
43 make recommendations on those requests to the director of the department of  
44 administration or the executive director of the Arizona board of regents.

1 C. The committee may recommend that the director of the department of  
2 administration or the executive director of the Arizona board of regents  
3 place an approved program on probationary status or terminate an approved  
4 program for failing to meet approved goals and objectives.

5 Sec. 35. Section 40-109, Arizona Revised Statutes, is amended to read:

6 40-109. Salaries and expenses of corporation commissioners

7 A. Each member of the corporation commission shall receive an annual  
8 salary pursuant to section 41-1904.

9 B. Except as provided in section 40-408, all salaries and expenses of  
10 members of the corporation commission incurred pursuant to ~~the provisions of~~  
11 this article, including the actual and necessary traveling and other expenses  
12 and disbursements of the commissioners, their officers and their employees  
13 incurred while on business of the commission, are payable from the STATE  
14 general fund and the ~~appropriation made~~ OTHER MONIES APPROPRIATED to the  
15 commission in the general appropriation bill.

16 Sec. 36. Section 40-408, Arizona Revised Statutes, is amended to read:

17 40-408. Disposition of assessment proceeds; utility regulation  
18 revolving fund; exemption from lapsing

19 A. The utility regulation revolving fund is established.

20 B. All monies received by the commission under the provisions of  
21 section 40-401 shall be deposited, pursuant to sections 35-146 and 35-147,  
22 in the utility regulation revolving fund.

23 C. Subject to legislative appropriation, the commission shall use the  
24 monies in the utility regulation revolving fund for attorneys and other legal  
25 staff employed pursuant to section 40-106, and all expenses of the utilities  
26 division, including compensation of auditors, economists and other staff,  
27 including staff with expertise in the area of corporate accounting, finance  
28 and management efficiency of all types of public service corporations, and  
29 a part of the expenses for the ~~administrative and hearing~~ AND ADMINISTRATION  
30 divisions, INCLUDING EXPENSES ASSOCIATED WITH THE COMMISSIONERS.

31 D. Monies in the utility regulation revolving fund do not revert to  
32 the state general fund pursuant to section 35-190.

33 E. Monies not appropriated or expended from the utility regulation  
34 revolving fund at the end of the fiscal year shall be used to calculate the  
35 annual assessment prescribed in section 40-401.

36 F. The utilities division shall not use any monies from the utility  
37 regulation revolving fund unless such monies are appropriated by the  
38 legislature.

39 Sec. 37. Section 40-442, Arizona Revised Statutes, is amended to read:

40 40-442. Civil penalty for violation; deduction; other remedies

41 A. Any person, firm or corporation that violates any provision of this  
42 article or any rule or order adopted pursuant to this article pertaining to  
43 the safety of the transportation of gas and hazardous liquids and pipeline  
44 facilities shall be subject to a civil penalty of not to exceed ten thousand  
45 dollars for each violation with each day constituting a separate violation.

1 In no event shall the maximum civil penalty exceed five hundred thousand  
2 dollars for any related series of violations.

3 B. Any civil penalty pertaining to gas and hazardous liquid pipeline  
4 safety may be compromised by the commission. In determining the amount of  
5 the penalty, or the amount agreed upon in compromise, the appropriateness of  
6 the penalty to the size of the business of the person, firm or corporation  
7 charged, the gravity of the violation and the good faith of the person, firm  
8 or corporation charged in attempting to achieve compliance, after  
9 notification of a violation, shall be considered. The amount of the penalty,  
10 when finally determined, or the amount agreed upon in compromise, may be  
11 deducted from any sums owing by the state to the person, firm or corporation  
12 charged or may be recovered in a civil action in the superior court of this  
13 state.

14 C. ALL MONIES COLLECTED FROM CIVIL PENALTIES ASSESSED PURSUANT TO THIS  
15 ARTICLE AND ANY FINES COLLECTED BY THE COMMISSION IN ENFORCING THIS ARTICLE  
16 AND RULES RELATING TO PIPELINE SAFETY SHALL BE DEPOSITED, PURSUANT TO  
17 SECTIONS 35-146 AND 35-147, IN THE STATE GENERAL FUND.

18 D. The commission may avail itself of any other authority or  
19 remedies available under the Constitution of Arizona and this chapter to  
20 effect the purpose of this article, including the provisions of article 9 of  
21 this chapter.

22 Sec. 38. Section 40-443, Arizona Revised Statutes, is amended to read:

23 40-443. Pipeline safety revolving fund

24 A. ~~There is established A pipeline safety revolving fund IS~~  
25 ~~ESTABLISHED. consisting of all monies collected from civil penalties~~  
26 ~~assessed pursuant to this article and any other fine collected by the~~  
27 ~~commission in enforcing this article and rules and regulations relating to~~  
28 ~~pipeline safety.~~

29 B. Subject to legislative appropriation, monies in the fund shall be  
30 used for the purpose of meeting expenses and paying costs associated with gas  
31 and hazardous liquids and gas and hazardous liquids pipeline facilities  
32 safety, including public education, training, purchasing equipment,  
33 inspecting for leaks and other hazards, reviewing pipeline plans,  
34 installation and operation and any other activity of the commission under  
35 this article.

36 C. The monies in the fund are exempt from section 35-190 relating to  
37 lapsing of appropriations.

38 ~~Sec. 39. Title 41, chapter 1, article 5, Arizona Revised Statutes, is~~  
39 ~~amended by adding section 41-191.09, to read:~~

40 41-191.09. Attorney general legal services cost allocation  
41 charge

42 A. BEGINNING ON JULY 1, 2005, ALL STATE AGENCY APPROPRIATED AND  
43 NONAPPROPRIATED FUNDS SHALL CONTRIBUTE A PRO RATA SHARE OF GENERAL AGENCY  
44 COUNSEL SERVICES PROVIDED BY THE DEPARTMENT OF LAW. THE PRO RATA SHARE IS  
45 ~~PAYABLE BY PAYROLL FUND SOURCE, AND THE RESULTANT AMOUNT SHALL BE DEPOSITED~~

1 ~~IN THE STATE GENERAL FUND. BEGINNING ON JULY 1, 2003, THE PRO RATA SHARE FOR~~  
2 ~~EACH FUND SHALL BE 0.53 PER CENT OF THE TOTAL PAYROLL. FOR THE PURPOSES OF~~  
3 ~~THIS SUBSECTION, "TOTAL PAYROLL" INCLUDES FEDERAL MONIES, SPECIAL REVENUE~~  
4 ~~FUNDS, INTERGOVERNMENTAL REVENUE MONIES, TRUST FUNDS AND OTHER PAYROLL FUND~~  
5 ~~SOURCES. TOTAL PAYROLL DOES NOT INCLUDE ANY STATE GENERAL FUND MONIES.~~

6 ~~B. A CLAIM FOR THE PRO RATA SHARE PERCENTAGE PAYMENT SHALL BE~~  
7 ~~SUBMITTED ACCORDING TO THE FUND SOURCE WITH THE ACCOMPANYING PAYROLL, TO THE~~  
8 ~~DEPARTMENT OF ADMINISTRATION FOR DEPOSIT IN THE STATE GENERAL FUND.~~

9 ~~C. THE FOLLOWING AGENCIES ARE EXEMPT FROM THIS SECTION:~~

- 10 ~~1. THE DEPARTMENT OF WATER RESOURCES.~~
- 11 ~~2. THE RESIDENTIAL UTILITY CONSUMER OFFICE.~~
- 12 ~~3. THE INDUSTRIAL COMMISSION.~~
- 13 ~~4. THE UNIVERSITIES.~~
- 14 ~~5. THE AUDITOR GENERAL.~~
- 15 ~~6. THE CORPORATION COMMISSION.~~
- 16 ~~7. THE OFFICE OF THE GOVERNOR.~~
- 17 ~~8. THE DEPARTMENT OF LAW.~~
- 18 ~~9. THE HOUSE OF REPRESENTATIVES.~~
- 19 ~~10. THE SENATE.~~
- 20 ~~11. THE JOINT LEGISLATIVE BUDGET COMMITTEE.~~
- 21 ~~12. THE ARIZONA STATE LIBRARY, ARCHIVES AND PUBLIC RECORDS.~~
- 22 ~~13. THE LEGISLATIVE COUNCIL.~~
- 23 ~~14. THE DEPARTMENT OF ADMINISTRATION RISK MANAGEMENT FUND.~~
- 24 ~~15. THE DEPARTMENT OF TRANSPORTATION.~~

25 ~~Sec. 40. Section 41-511.23, Arizona Revised Statutes, is amended to~~  
26 ~~read:~~

27 ~~41-511.23. Conservation acquisition board; land conservation~~  
28 ~~fund; conservation donation and public~~  
29 ~~conservation accounts~~

30 ~~A. The conservation acquisition board is established, as an advisory~~  
31 ~~body to the Arizona state parks board, consisting of the following members~~  
32 ~~who are appointed by the governor, at least one of whom shall be experienced~~  
33 ~~in soliciting money from private sources:~~

- 34 ~~1. One state land lessee.~~
- 35 ~~2. One member who is qualified by experience in managing large~~  
36 ~~holdings of private land for income production or conservation purposes.~~
- 37 ~~3. One member of the state bar of Arizona who is experienced in the~~  
38 ~~practice of private real estate law.~~
- 39 ~~4. One real estate appraiser who is licensed or certified under title~~  
40 ~~32, chapter 36.~~
- 41 ~~5. One member who is qualified by experience in marketing real estate.~~
- 42 ~~6. One representative of a conservation organization.~~
- 43 ~~7. One representative of a state public educational institution.~~

44 ~~B. The governor shall designate a presiding member of the board. The~~  
45 ~~term of office is five years except that initial members shall assign~~

~~1 themselves by lot to terms of one, two, three, two members for four and two~~  
2 members for five years in office.

3 C. The conservation acquisition board shall:

4 1. Solicit donations to the conservation donation account.

5 2. Consult with entities such as private land trusts, state land  
6 lessees, the state land department, the Arizona state parks board and others  
7 to identify conservation areas that are reclassified pursuant to section  
8 37-312 and that are suitable for funding.

9 3. Recommend to the Arizona state parks board appropriate grants from  
10 the land conservation fund.

11 D. The land conservation fund is established consisting of the  
12 following accounts:

13 1. The conservation donation account consisting of monies received as  
14 donations. Donations to the account are subject to any lawful conditions the  
15 donor may prescribe, including any conditions on the use of the money or  
16 reversion to the donor. Monies in the account are exempt from the provisions  
17 of section 35-190 relating to lapsing of appropriations.

18 2. The public conservation account consisting of monies appropriated  
19 to the account from the state general fund and monies from any other  
20 designated source. In fiscal years 2000-2001 through 2010-2011, the sum of  
21 twenty million dollars is appropriated each fiscal year from the state  
22 general fund to the public conservation account in the land conservation fund  
23 for the purposes of this section. Monies in the account are appropriated for  
24 the purposes of this section, and the Arizona state parks board may spend  
25 monies in the account without further legislative authorization. Each  
26 expenditure of monies from the public conservation account for purposes  
27 listed under subsection G, paragraph 1 of this section shall be matched by  
28 an equal expenditure of monies from the conservation donation account or from  
29 other private or governmental sources.

30 E. If the legislature fails to appropriate monies to the public  
31 conservation account in a fiscal year, and if there are no other monies in  
32 the public conservation account, the Arizona state parks board may either  
33 grant nothing from the fund in that year or, on recommendation by the  
34 conservation acquisition board, may grant available monies in the  
35 conservation donation account for purposes authorized in subsection G of this  
36 section.

37 F. The monies in the fund are exempt from the provisions of section  
38 35-190 relating to lapsing of appropriations.

39 G. Monies in the public conservation account, with matching monies  
40 from the conservation donation account, are appropriated to the Arizona state  
41 parks board for the exclusive purpose of granting monies:

42 1. To the state or any of its political subdivisions, or to a  
43 nonprofit organization that is exempt from federal income taxation under  
44 section 501(c) of the internal revenue code and that has the purpose of  
45 ~~preserving open space, for the following purposes only:~~

~~1 (a) To purchase or lease state trust lands that are classified as~~  
2 suitable for conservation purposes pursuant to title 37, chapter 2, article  
3 4.2. A grant of money under this subdivision to a nonprofit organization is  
4 conditioned on the organization providing reasonable public access to any  
5 land that is wholly or partly purchased with that money. The organization  
6 shall agree with the Arizona state parks board that it will impose a  
7 restrictive covenant, running with the title to the land, granting such  
8 access and providing for reversion to this state of any interest in the  
9 property acquired with money granted under this subdivision on the failure  
10 to comply with the terms of the covenant. The Arizona state parks board and  
11 the state land commissioner have standing to either enforce the covenant or  
12 recover the amount of the grant from the current owner, with interest from  
13 the date the grant was awarded to the nonprofit organization.

14 (b) To purchase the development rights of state trust lands throughout  
15 this state under the following conditions:

16 (i) The development rights shall be sold at public auction as provided  
17 in section 37-258.01.

18 (ii) The lessee of the state trust land at the time the development  
19 rights are purchased shall be notified of the purchase in writing.

20 (iii) The purchase of the development rights shall not result in  
21 cancellation or modification of the current lease.

22 (iv) The purchase of the development rights shall not affect the  
23 existing lessee's current economic use of the land and rights pursuant to  
24 title 37, chapter 2, article 4.1.

25 (v) As a condition of the sale of the development rights, the  
26 purchaser shall agree in perpetuity not to exercise the development rights  
27 and that the land shall remain as open space.

28 (vi) The state trust land shall retain any other rights and attributes  
29 as prescribed by law at the time of the purchase.

30 2. To an individual landowner or grazing or agricultural lessee of  
31 state or federal land who contracts with the Arizona state parks board to  
32 implement conservation based management alternatives using livestock or crop  
33 production practices, or reduce livestock or crop production, to provide  
34 wildlife habitat or other public benefits that preserve open space. The  
35 conservation acquisition board shall give priority under this paragraph to  
36 lessees of state or federal land who are required to reduce livestock  
37 production to provide public benefits, such as wildlife species conservation  
38 or wildlife habitat.

39 H. The Arizona state parks board shall not grant more than:

40 1. Ten per cent of the monies in the public conservation account for  
41 purposes of subsection G, paragraph 2 of this section in any fiscal year.

42 2. Fifty per cent of the monies under subsection G of this section  
43 ~~with respect to land in one county in any fiscal year.~~

~~1 I. A grant of money under subsection G of this section is valid for~~  
2 eighteen months and may be extended one time for twelve additional months if  
3 a required public auction has not been held.

4 J. The Arizona state parks board may adopt rules to establish  
5 qualifications of nonprofit organizations for purposes of applying for and  
6 receiving money granted for purposes of subsection G of this section.

7 K. The owner of property that is wholly or partly acquired with money  
8 granted under subsection G, paragraph 1 of this section shall not restrict  
9 or unreasonably limit access to private lands. Any sale of land with money  
10 granted under subsection G of this section shall include a condition  
11 requiring that permanent access to private lands be allowed.

12 L. The Arizona state parks board shall administer the land  
13 conservation fund. On notice from the board, the state treasurer shall  
14 invest and divest monies in either account in the fund as provided by section  
15 35-313, and monies earned from investments shall be credited to a separate  
16 administration account to pay the expenses of administering the land  
17 conservation and acquisition program under this section, which shall not  
18 exceed five per cent of the amount deposited in the public conservation  
19 account in any fiscal year or five hundred thousand dollars, whichever is  
20 less. ~~Any unobligated amount remaining in the administration account at the~~  
21 ~~end of the fiscal year shall be credited to the public conservation account~~  
22 ~~for purposes of subsection D of this section. ANY REMAINING MONIES IN THE~~  
23 ~~ADMINISTRATION ACCOUNT MAY BE USED BY THE STATE PARKS BOARD FOR PARK~~  
24 ~~OPERATIONS, SUBJECT TO LEGISLATIVE APPROPRIATION.~~

25 M. Members of the conservation acquisition board may be reimbursed for  
26 travel and lodging expenses and per diem subsistence allowances incurred  
27 while on public business for the board. Reimbursement amounts shall not  
28 ~~exceed those allowed under title 38, chapter 4, article 2.~~

29 Sec. 41. Section 41-764, Arizona Revised Statutes, is amended to read:  
30 41-764. Contribution of pro rata share for personnel division  
31 fund

32 A. ~~For the fiscal year beginning July 1, 1978, State service agencies~~  
33 ~~within the covered service shall contribute a pro rata share of the overall~~  
34 ~~cost of personnel administration services provided by the department. The~~  
35 ~~pro rata share shall be payable by payroll fund source and the resultant~~  
36 ~~amount shall be deposited, pursuant to sections 35-146 and 35-147, in a~~  
37 ~~personnel division fund for appropriation by the legislature for the~~  
38 ~~personnel division of the department. Beginning July 1, 1990 through June~~  
39 ~~30, 1992, the pro rata share shall be .70 per cent of the total payroll of~~  
40 ~~the agency and shall increase by .05 per cent each fiscal year thereafter~~  
41 ~~until January 1, 1997. Beginning January 1, 1997 through June 30, 1997, the~~  
42 ~~pro rata share shall be .80 per cent of the total payroll of the agency.~~  
43 ~~Beginning ON July 1, 1997 THROUGH JUNE 30, 2003, the pro rata share shall be~~  
44 ~~90 per cent of the total payroll of the agency. BEGINNING ON JULY 1, 2003,~~  
45 ~~THE PRO RATA SHARE SHALL BE 1.04 PER CENT OF THE TOTAL PAYROLL OF THE AGENCY.~~

1 Total payroll shall include all fund sources including the state general  
2 fund, federal monies, special revenue funds, intergovernmental revenue  
3 monies, trust funds and other payroll fund sources.

4 B. A claim for the pro rata share percentage payment shall be  
5 submitted according to the fund source, with the accompanying payroll to the  
6 department for deposit in the personnel division fund.

7 C. Notwithstanding section 35-190, only monies in excess of five  
8 hundred thousand dollars revert to the state general fund at the end of each  
9 fiscal year. The state comptroller shall pay any monies determined to be  
10 owed to the federal government from the personnel division fund before  
11 calculating the reversion.

12 Sec. 42. Section 41-803, Arizona Revised Statutes, is amended to read:

13 41-803. Operation of state motor vehicle fleet; announcement;  
14 energy conservation; alternative and clean burning  
15 fuels; definitions

16 A. The director shall operate a motor vehicle fleet for all state  
17 owned motor vehicles for the purpose of providing transportation for state  
18 officers and employees, except those officers and employees of any agency or  
19 department excluded by subsection E of this section. The director shall make  
20 fleet motor vehicles available to state agencies and departments on the  
21 request of the chosen representative for that agency or department.

22 B. The director may adopt rules necessary for the administration of  
23 the motor vehicle fleet. STATE AGENCIES AND DEPARTMENTS, INCLUDING AGENCIES  
24 AND DEPARTMENTS LISTED IN SUBSECTION E OF THIS SECTION, MAY ACCEPT  
25 COMPENSATION FOR PLACING PUBLIC SERVICE ANNOUNCEMENTS ON STATE OWNED MOTOR  
26 VEHICLES, AND MONIES RECEIVED SHALL BE DEPOSITED, PURSUANT TO SECTIONS 35-146  
27 AND 35-147, IN THE STATE GENERAL FUND. THE AGENCY OR DEPARTMENT DIRECTOR  
28 SHALL DETERMINE THE APPROPRIATENESS OF THE ANNOUNCEMENTS, MAY EXEMPT ANY  
29 VEHICLES THAT ARE NOT SUITABLE FOR ADVERTISING AND MAY CONTRACT WITH PRIVATE  
30 PARTIES FOR DESIGN AND PLACEMENT OF THE ANNOUNCEMENTS.

31 C. The director shall provide for detailed cost, operation,  
32 maintenance, mileage and custody records for each state owned vehicle. On  
33 or before August 1 of each year, all state agencies and departments,  
34 including those listed in subsection E of this section, shall make  
35 information available to the director regarding vehicle cost, operation,  
36 maintenance and mileage and other information as established by the director  
37 in policies and procedures for the purposes of the report prescribed in  
38 subsection R of this section.

39 D. Each state department and agency shall pay from available monies  
40 the cost of motor vehicle services received from the state motor vehicle  
41 fleet at a rate determined by the director.

42 E. The following departments and agencies are excluded from  
43 participation in the state motor vehicle fleet:

- 44 1. Department of public safety.  
45 2. Department of transportation.

3. Department of economic security.
4. State department of corrections.
5. Universities and community colleges.
6. Arizona state schools for the deaf and the blind.
7. Cotton research and protection council.

F. The director shall appoint a person in the office of the director who is the state motor vehicle fleet alternative fuel and clean burning fuel coordinator. The coordinator shall develop, implement, document, monitor and modify as necessary a statewide alternative fuels plan in consultation with all state agencies and departments that are subject to the alternative fuel and clean burning fuel requirements prescribed in this section or any other law. The approval of the coordinator is required for all acquisitions of vehicles pursuant to this section, except for acquisitions by community college districts.

G. Purchases of all new motor vehicles that primarily operate in counties with a population of more than two hundred fifty thousand persons and that have a gross vehicle weight of eight thousand five hundred pounds or less, including those agency motor vehicle fleets listed in subsection E of this section, shall meet the following minimum requirements for vehicles:

1. For model year 1997, ten per cent of new motor vehicles purchased shall be capable of operating on alternative fuels.

2. For model year 1998, fifteen per cent of new motor vehicles purchased shall be capable of operating on alternative fuels.

3. For model year 1999, twenty-five per cent of new motor vehicles purchased shall be capable of operating on alternative fuels.

4. For model year 2000, fifty per cent of new motor vehicles purchased shall be capable of operating on alternative fuels.

5. For model year 2001 and all subsequent model years, seventy-five per cent of new motor vehicles purchased shall be capable of operating on alternative fuels or clean burning fuels.

H. Purchases of new alternative fuel and clean burning fuel vehicles that have a gross vehicle weight of eight thousand five hundred pounds or less shall meet the following minimum requirements for vehicles that primarily operate in counties with a population of more than one million two hundred thousand persons:

1. For model year 2000, forty per cent of new alternative fuel and clean burning fuel vehicles purchased shall comply with the United States environmental protection agency standards for low emission vehicles pursuant to 40 Code of Federal Regulations section 88.104-94 or 88.105-94.

2. For model year 2001, fifty per cent of new alternative fuel and clean burning fuel vehicles purchased shall comply with the United States environmental protection agency standards for low emission vehicles pursuant to 40 Code of Federal Regulations section 88.104-94 or 88.105-94.

3. For model year 2002, sixty per cent of new alternative fuel and clean burning fuel vehicles purchased shall comply with the United States

1 environmental protection agency standards for low emission vehicles pursuant  
2 to 40 Code of Federal Regulations section 88.104-94 or 88.105-94.

3 4. For model year 2003, seventy per cent of new alternative fuel and  
4 clean burning fuel vehicles purchased shall comply with the United States  
5 environmental protection agency standards for low emission vehicles pursuant  
6 to 40 Code of Federal Regulations section 88.104-94 or 88.105-94.

7 I. The coordinator may waive the requirements of subsection G of this  
8 section for any state agency on receipt of certification supported by  
9 evidence acceptable to the coordinator that:

10 1. The agency's vehicles will be operating primarily in an area in  
11 which neither the agency nor a supplier has established or can reasonably be  
12 expected to establish a central refueling station for alternative fuels or  
13 clean burning fuels.

14 2. The agency is unable to acquire or be provided equipment or  
15 refueling facilities necessary to operate vehicles using alternative fuels  
16 or clean burning fuels at a projected cost that is reasonably expected to  
17 result in net costs of no greater than thirty per cent more than the net  
18 costs associated with the continued use of traditional gasoline or diesel  
19 fuels measured over the expected useful life of the equipment or facilities  
20 supplied. Applications for waivers shall be filed with the department of  
21 environmental quality pursuant to section 49-412. An entity that receives  
22 a waiver pursuant to this section shall retrofit fleet heavy-duty diesel  
23 vehicles with a gross vehicle weight of eight thousand five hundred pounds  
24 or more that were manufactured in or before model year 1993 and that are the  
25 subject of the waiver with a technology that is effective at reducing  
26 particulate emissions at least twenty-five per cent or more and that has been  
27 approved by the United States environmental protection agency pursuant to the  
28 urban bus engine retrofit/rebuild program. The entity shall comply with the  
29 implementation schedule pursuant to section 49-555.

30 J. The department of administration, through the coordinator, may  
31 acquire or be provided equipment or refueling facilities necessary to operate  
32 such vehicles using alternative fuels or clean burning fuels:

33 1. By purchase or lease as authorized by law.

34 2. By gift or loan of the equipment or facilities.

35 3. By gift or loan of the equipment or facilities or any other  
36 arrangement pursuant to a service contract for the supply of alternative  
37 fuels or clean burning fuels.

38 K. The coordinator and the department of commerce energy office shall  
39 develop and implement a vehicle fleet energy conservation plan for the  
40 purposes of reducing vehicle fuel consumption and to encourage and  
41 progressively increase the use of alternative fuels and clean burning fuels  
42 in state owned vehicles. The plans shall include:

43 1. A timetable by which fleet vehicles shall be replaced with vehicles  
44 that have demonstrated high fuel economy estimates within their vehicle  
45 class.

1           2. A timetable for increasing the use of alternative fuels and clean  
2 burning fuels in fleet vehicles either through purchase or conversion. The  
3 timetable shall reflect the following schedule and percentage of vehicles  
4 which operate on alternative fuels or clean burning fuels:

5           (a) Not less than forty per cent of the total fleet by December 31,  
6 1995, except for community college districts. Community college districts  
7 shall comply by December 31, 2002.

8           (b) Not less than ninety per cent of the total fleet operating  
9 primarily in counties with populations exceeding one million two hundred  
10 thousand persons according to the most recent federal decennial census by  
11 December 31, 1997, except for community college districts. Community college  
12 districts shall comply by December 31, 2004.

13           3. Options for increasing, whenever possible, the use of vehicles that  
14 have the capability to use available alternative fuels or clean burning  
15 fuels, or vehicles that may be economically converted, if needed, for the use  
16 of alternative fuels or clean burning fuels.

17           4. Options for the use of demonstrated innovative technologies that  
18 promote energy conservation and reduced fuel consumption.

19           5. Methods that promote efficient trip planning and state vehicle use.

20           6. Car pooling and van pooling for agency employees for commuting and  
21 job related travel.

22           L. The coordinator shall identify specific vehicle models within each  
23 vehicle class that would meet the demands of each state agency and that  
24 demonstrate a high degree of fuel economy. Vehicle classes and fuel economy  
25 comparisons shall be based on United States department of energy and United  
26 States environmental protection agency data pursuant to title 15 United  
27 States Code sections 2003 through 2006. For the use of an alcohol fueled  
28 vehicle, the state agency shall demonstrate to the director that the fuel for  
29 the vehicle is available within a ten mile radius of the primary home base  
30 of that vehicle.

31           M. Subsections G, H, I, J, K, L, N, O and P of this section do not  
32 apply to the purchase or lease of the following:

33           1. A vehicle to be used primarily for criminal law enforcement.

34           2. A motorcycle.

35           3. An all-terrain vehicle.

36           4. An ambulance.

37           5. A fire truck, a fire engine or any other fire suppression  
38 apparatus.

39           N. Any contract for conversion of vehicles to alternative fuels  
40 pursuant to this section shall be entered into by competitive sealed  
41 proposals pursuant to section 41-2534.

42           O. If everything else is equal, when contracting for vehicles to  
43 satisfy the requirements prescribed in this section, preference shall be  
44 given to vehicles with the lowest emissions levels.

1 P. The departments and agencies excluded from participation in the  
2 state motor vehicle fleet pursuant to subsection E of this section shall  
3 develop and implement a program for alternative fuels and clean burning fuels  
4 and fuel economy for their motor vehicle fleets substantially similar to the  
5 standards set forth in this section, and the program shall be submitted to  
6 the coordinator for review.

7 Q. All agencies, including those listed in subsection E of this  
8 section, shall comply with the plan developed and implemented by the  
9 coordinator pursuant to subsection F of this section.

10 R. On or before November 1 of each year, the director shall submit a  
11 report to the governor, the speaker of the house of representatives, the  
12 president of the senate, the governor's office of strategic planning and  
13 budgeting and the joint legislative budget committee concerning the use of  
14 alternative fuels and clean burning fuels in the state motor vehicle  
15 fleet. The report shall include at least the following:

- 16 1. The number of state fleet vehicles.
- 17 2. The number of state fleet vehicles used primarily in Maricopa  
18 county.
- 19 3. The number of state fleet vehicles capable of using alternative  
20 fuels or clean burning fuels.
- 21 4. Progress on compliance with federal and state guidelines mandating  
22 the conversion of state fleet vehicles to alternatively fueled vehicles.
- 23 5. Alternative fuels and clean burning fuels usage data.
- 24 6. Information received from state agencies pursuant to subsection C  
25 of this section.
- 26 7. Information gathered from local offices of federal agencies  
27 regarding progress made toward implementing the federal mandates relating to  
28 the conversion of motor vehicle fleets to alternative fuels or clean burning  
29 fuels pursuant to subsection G of this section.

30 S. For the purposes of this section:

- 31 1. "Alternative fuels" has the same meaning prescribed in section  
32 1-215.
- 33 2. "Clean burning fuels" has the same meaning prescribed in section  
34 1-215.
- 35 3. "New motor vehicle" means an original equipment manufactured  
36 vehicle, a converted original equipment manufactured vehicle or an original  
37 equipment manufactured vehicle that will be converted.

38 Sec. 43. Section 41-1514.02, Arizona Revised Statutes, is amended to  
39 read:

40 41-1514.02. Environmental technology assistance; definitions

41 A. The department of commerce shall establish and conduct an  
42 environmental technology assistance program to promote business and economic  
43 development by recruiting and expanding companies that manufacture, produce  
44 or process solar and other renewable energy products or products from

1 recycled materials under the conditions prescribed by this section. The  
2 department shall:

- 3 1. Assist qualified environmental technology manufacturers, producers  
4 or processors in locating or expanding facilities in this state.
- 5 2. Encourage the use of environmental technology products.
- 6 3. Encourage the development of an environmental technology industry  
7 in this state.

8 B. Until June 30, 1996, the department of commerce shall identify and  
9 certify to the department of revenue the names and relevant information  
10 relating to THE FACILITIES OF qualified environmental technology  
11 manufacturers, producers and processors for purposes of available tax  
12 incentives. The department of commerce may revoke the certification for  
13 failure to qualify and comply with the terms and conditions prescribed by  
14 this section and shall immediately notify the department of revenue of a  
15 revocation. The department of revenue may also revoke the certification if  
16 it obtains information indicating a failure to qualify and comply. If the  
17 department of revenue proposes to revoke the certification of an  
18 environmental technology manufacturer, producer or processor, it shall afford  
19 that person the rights of appeal as provided in title 42, chapter 1, article  
20 6. The department of commerce shall not certify any new qualified  
21 environmental technology manufacturers, producers or processors for the  
22 purposes of this section after June 30, 1996. To obtain and maintain  
23 certification, an environmental technology manufacturer, producer or  
24 processor must:

- 25 1. Apply to the department of commerce.
- 26 2. Submit and retain copies of all required information including  
27 information relating to the actual or projected number of employees at  
28 qualified environmental technology facilities in this state and the actual  
29 or projected annual capital investment in those facilities.
- 30 3. Allow such inspections and audits as are necessary to verify the  
31 accuracy of the submitted information.
- 32 4. Upon initial application, submit to the department of commerce the  
33 information required by section 49-109, subsection B in the manner prescribed  
34 in section 49-109, subsection C or the information required by section  
35 49-109, subsection G, as applicable. The department of commerce shall  
36 consider the information submitted pursuant to this paragraph in its  
37 determination of certification and may deny certification if after  
38 consultation with the department of environmental quality serious,  
39 substantial and continuing violations of federal or state environmental laws  
40 are found.

41 C. Within sixty days after receipt of a complete application and all  
42 information required, as prescribed by the department of commerce, the  
43 department of commerce shall grant or deny certification and give written  
44 notice by certified mail to the applicant. The applicant is certified as a

1 qualified environmental technology manufacturer, producer or processor on the  
2 date the notice of certification is delivered to the applicant.

3 D. To qualify for assistance under this section, an environmental  
4 technology manufacturer, producer or processor must meet the following  
5 requirements:

6 1. A manufacturer, producer or processor that is certified not later  
7 than July 1, 1995 by the department of commerce pursuant to this section,  
8 shall not import hazardous waste, as defined in section 49-921 as of July 1,  
9 1993, or special waste, as defined in section 49-851 as of July 1, 1993, into  
10 this state from another state or country. Any other manufacturer, producer  
11 or processor that is certified by the department of commerce pursuant to this  
12 section, after July 1, 1995, shall not as of the date of certification import  
13 hazardous waste, as defined in section 49-921, and as interpreted by federal  
14 and state regulations or special waste, as defined in section 49-851, into  
15 this state from another state or country. This paragraph does not apply to  
16 any environmental technology manufacturer, producer or processor, or  
17 facilities and their subsequent expansions and replacements that, as of July  
18 1, 1993, hold a storage or treatment facility permit issued by the department  
19 of environmental quality pursuant to 40 Code of Federal Regulations section  
20 270.10 or has obtained plan approval from the department of environmental  
21 quality pursuant to section 49-762, that specifically authorizes the  
22 acceptance of special waste, for an existing or proposed recycling operation,  
23 or import hazardous or special wastes for recycling purposes.

24 2. The manufacturer, producer or processor shall locate or make an  
25 additional capital investment in a facility in this state that:

26 (a) Is either owned by the A QUALIFIED ENVIRONMENTAL TECHNOLOGY  
27 manufacturer, producer or processor, or leased by the A QUALIFIED  
28 ENVIRONMENTAL TECHNOLOGY manufacturer, producer or processor for a term of  
29 five or more years.

30 (b) Is used predominantly to do any of the following:

31 (i) Sort, store, prepare, convert, fabricate, manufacture or otherwise  
32 process finished products consisting of at least ninety per cent recycled  
33 materials.

34 (ii) Prepare, fabricate, manufacture or otherwise process finished  
35 products that are powered exclusively with solar or other specific renewable  
36 energy.

37 (iii) Prepare, fabricate, manufacture or otherwise process raw  
38 material or intermediate product exclusively through a hydrometallurgical  
39 process where at least eighty-five per cent of the process solution used to  
40 produce the finished product is recycled on site for additional production.

41 (iv) Fabricate or manufacture finished paper products that consist of  
42 at least eighty per cent recycled material.

43 (c) Costs, or is expected to cost, an aggregate of at least twenty  
44 million dollars of new capital investment in this state within five years  
45 after construction begins or commencement of installation of improvements.

1 E. Certification and qualification by an environmental technology  
2 manufacturer, producer or processor for purposes of this section does not  
3 constitute compliance with any provision of title 49 or any rule, order,  
4 procedure, permit or other regulatory measure required pursuant to title 49.  
5 An environmental technology manufacturer, producer or processor shall comply  
6 with all applicable environmental requirements of the department of  
7 environmental quality separately and independently from qualifying for  
8 assistance under this section. For purposes of complying with title 49, all  
9 definitions in that title and those adopted in rules pursuant to that title  
10 shall be applicable.

11 F. To qualify for tax incentives the taxpayer shall:

12 1. Agree with the department of commerce in writing to furnish  
13 information relating to the amount of tax benefits the taxpayer receives each  
14 year. If the taxpayer fails to provide the required information, the  
15 department of commerce shall immediately revoke the taxpayer's qualification  
16 and notify the department of revenue.

17 2. Enter into a memorandum of understanding with this state through  
18 the department of commerce containing employment goals. Each year the  
19 taxpayer shall report in writing to the department of commerce its  
20 performance in achieving the goals. The memorandum shall contain provisions  
21 that allow:

22 (a) The department of commerce to stop, readjust or recapture all or  
23 part of the tax incentives provided to the taxpayer on noncompliance with the  
24 terms of the memorandum.

25 (b) The department of commerce to notify the department of revenue of  
26 the conditions of noncompliance.

27 (c) The department of revenue to require the taxpayer to file  
28 appropriate amended tax returns reflecting the recapture of the tax  
29 incentives.

30 G. A manufacturer, producer or processor who is certified by the  
31 department of commerce to qualify for assistance under this section shall not  
32 have the certification revoked and shall not be disqualified because of the  
33 adoption after certification of a rule or a federal regulation relating to  
34 the requirements under subsection D of this section.

35 H. RETROACTIVE TO JULY 1, 1996, THE CERTIFICATION OF A QUALIFIED  
36 ENVIRONMENTAL TECHNOLOGY MANUFACTURER, PRODUCER OR PROCESSOR MAY BE ASSIGNED  
37 OR TRANSFERRED TO ONE OR MORE SUCCESSOR TAXPAYERS, MANUFACTURERS, PRODUCERS  
38 OR PROCESSORS THAT HAVE ACQUIRED AND CONTINUE TO OPERATE A FACILITY THAT WAS  
39 USED TO MEET THE QUALIFICATIONS PRESCRIBED IN SUBSECTION D OF THIS SECTION  
40 AND THAT CONTINUES TO BE USED PREDOMINANTLY FOR THE PURPOSES PRESCRIBED IN  
41 SUBSECTION D, PARAGRAPH 2, SUBDIVISION (b) OF THIS SECTION.

42 ~~H.~~ I. For purposes of this section:

43 1. "Environmental technology" means solar and other renewable energy  
44 products or recycled materials.

1           2. "Facility" includes a single facility, a combination of facilities,  
2 land, improvements, building improvements, real and personal property used  
3 for environmental protection facilities as defined in section 42-14154,  
4 property used to generate on-site power or energy and machinery and  
5 equipment.

6           3. "Finished paper product" means a paper item or commodity or one of  
7 its components, including newsprint, paper napkins, paper towels, corrugated  
8 paper and related cellulosic products, that contains not more than ten per  
9 cent noncellulosic material such as laminates, binders or saturants, that has  
10 economic value to a consumer or purchaser and that is ready to be used with  
11 or without further altering its form.

12           4. "Finished product" means a marketable product or component of a  
13 product that has economic value to a consumer or purchaser and that is ready  
14 to be used with or without further altering its form.

15           5. "Hydrometallurgical processing" includes facilities used  
16 exclusively for solvent extraction electrowinning, hydrometallurgical  
17 recovery, precipitation and refining, but does not include smelters, open pit  
18 and underground mines, and concentrator processes.

19           6. "Machinery and equipment" means machinery and equipment that are  
20 directly or indirectly used to do any of the following:

21           (a) Sort, store, prepare, convert, fabricate, manufacture or otherwise  
22 process finished products consisting of at least ninety per cent recycled  
23 materials, including all machinery and equipment designed and used for  
24 environmental protection on site as well as all machinery and equipment used  
25 to generate power or energy for use on site.

26           (b) Prepare, fabricate, manufacture or otherwise process finished  
27 products that are powered exclusively with solar or other specific renewable  
28 energy.

29           (c) Prepare, fabricate, manufacture or otherwise process raw material  
30 or intermediate product exclusively through a hydrometallurgical process  
31 where at least eighty-five per cent of the process solution used to produce  
32 the finished product is recycled on site for additional production.

33           (d) Fabricate or manufacture finished paper products that consist of  
34 at least eighty per cent recycled materials, including all machinery and  
35 equipment that is designed and used for environmental protection on site and  
36 machinery and equipment that is used to generate power or energy for use on  
37 site.

38           7. "Process solution" means solution that is required throughout the  
39 hydrometallurgical process and from which the finished product is extracted.

40           8. "Qualified environmental technology manufacturer, producer or  
41 processor" or "qualified environmental technology facility" means an entity  
42 that for purposes of titles 42 and 43 meets the qualifications prescribed in  
43 subsection D of this section and is certified by the department of commerce  
44 pursuant to subsection B of this section.

1           9. "Recycled materials" means materials that have been separated,  
2 recovered or diverted from the solid waste stream and processed and returned  
3 to the economic stream in the form of raw materials or finished products.  
4 Recycled materials include work in process by the environmental technology  
5 manufacturing, producing or processing company that is composed of at least  
6 ninety per cent recycled materials and that will be further processed into  
7 a finished product.

8           10. "Renewable energy" means energy that is supplied from sources that  
9 are continually replenished from the sun, the earth or the waste stream,  
10 including hydroelectric, solar-thermal, photovoltaic, biomass, wind and  
11 geothermal processes.

12           11. "Solid waste" means any garbage, trash, rubbish, refuse, sludge  
13 from a waste treatment plant, water supply treatment plant or pollution  
14 control facility and other discarded material, including solid, liquid,  
15 semisolid or contained gaseous material resulting from industrial,  
16 agricultural, silvicultural and commercial operations and from community  
17 activities, but not including domestic sewage or hazardous waste unless such  
18 waste is received by an environmental technology manufacturer, producer or  
19 processor that holds a storage facility permit issued by the department of  
20 environmental quality pursuant to 40 Code of Federal Regulations section  
21 270.10 as of July 1, 1993.

22           Sec. 44. Section 41-1544, Arizona Revised Statutes, is amended to  
23 read:

24           41-1544. Arizona job training fund; definitions

25           A. The Arizona job training fund is established consisting of  
26 legislative appropriations, monies deposited pursuant to section 23-769,  
27 gifts, grants and other monies. The department shall administer the  
28 fund. On notice from the department, the state treasurer shall invest and  
29 divest monies in the fund as provided by section 35-313, and monies earned  
30 from investment shall be credited to the fund. BEFORE ANY MONIES ARE  
31 DISBURSED PURSUANT TO THIS SECTION, THE LEGISLATURE MAY APPROPRIATE MONIES  
32 IN THE ARIZONA JOB TRAINING FUND TO BE USED FOR THE DEPARTMENT OF ECONOMIC  
33 SECURITY'S JOBS PROGRAM TO PROVIDE JOB TRAINING FOR WELFARE CLIENTS.

34           B. The director may accept and expend federal monies and private  
35 grants, gifts and contributions to assist in carrying out the purposes of  
36 this article. All monies for the program shall be expended only for the  
37 costs related to training, except that the department of commerce shall  
38 reimburse the department of economic security for the development costs for  
39 establishing a system to collect the job training employer tax imposed  
40 pursuant to section 23-769 in an amount of not more than four hundred  
41 thousand dollars and for incremental costs incurred by the department of  
42 economic security relating to the collection of the job training employer tax  
43 imposed pursuant to section 23-769. Monies in the Arizona job training fund  
44 are exempt from the provisions of section 35-190 relating to lapsing of  
45 appropriations.

1 C. The Arizona job training fund monies shall be spent on approval of  
2 the department at the direction of the director in accordance with the  
3 guidelines and procedures adopted by the governor's council on workforce  
4 policy.

5 D. A minimum of twenty-five per cent of the monies appropriated to the  
6 Arizona job training fund shall be used to provide training to small  
7 businesses employing fewer than one hundred employees, until June 15 of each  
8 fiscal year. After June 15 of each fiscal year, any unexpended monies may  
9 be made available to any qualified applicant.

10 E. A minimum of twenty-five per cent of the monies appropriated to the  
11 Arizona job training fund shall be used to provide training to businesses  
12 located in rural areas of the state, until June 15 of each fiscal  
13 year. After June 15 of each fiscal year, any unexpended monies may be made  
14 available to any qualified applicant.

15 F. If a business receives monies for training from the Arizona job  
16 training fund and the business employs fewer than one hundred employees and  
17 is located in a rural area of this state, the business shall be included in  
18 the minimum percentages prescribed in subsections D and E of this section.

19 G. No more than fifty per cent of the monies in the Arizona job  
20 training fund shall be used to provide incumbent worker training.

21 H. A single grant awarded pursuant to this article shall not be more  
22 than ten per cent of the estimated annual total of monies deposited in the  
23 Arizona job training fund.

24 I. For THE purposes of this section:

25 1. "Rural area" means either:

26 (a) A county with a population of less than four hundred thousand  
27 persons according to the most recent United States decennial census.

28 (b) A census county division with less than fifty thousand persons in  
29 a county with a population of four hundred thousand or more persons according  
30 to the most recent United States decennial census.

31 2. "Small business" means a concern, including its affiliates that  
32 employs fewer than one hundred employees.

33 Sec. 45. Section 41-1609.01, Arizona Revised Statutes, is amended to  
34 read:

35 41-1609.01. Adult incarceration contracts; criteria

36 A. On publication, any request for proposals shall be provided to the  
37 joint legislative budget committee for its review.

38 B. To be considered for an award of a contract, the proposer must  
39 demonstrate that it has:

40 1. The qualifications, operations and management experience and  
41 experienced personnel necessary to carry out the terms of the contract.

42 2. The ability to comply with applicable correctional standards and  
43 any specific court order, if required.

44 3. A demonstrated history of successful operation and management of  
45 other secure facilities.

1 C. The proposer of a contract for correctional services must agree  
2 that this state may cancel the contract at any time after the first year of  
3 operation, without penalty to this state, on giving ninety days' written  
4 notice.

5 D. A contract may provide for annual contract price or cost  
6 adjustments, except that any adjustments may be made only once each year  
7 effective on the anniversary of the effective date of the contract. If any  
8 adjustment is made pursuant to the terms of the contract, it shall be applied  
9 to the total payments made to the contractor for the previous contract year  
10 and shall not exceed the per cent of change in the average consumer price  
11 index as published by the United States department of labor, bureau of labor  
12 statistics between that figure for the latest calendar year and the next  
13 previous calendar year.

14 E. Any price or cost adjustments to a contract different than those  
15 authorized in subsection D of this section may be made only if the  
16 legislature specifically authorizes the adjustments and appropriates monies  
17 for that purpose, if required.

18 F. An award of a contract shall not be made unless an acceptable  
19 proposal is received pursuant to any request for proposals. For THE purposes  
20 of this subsection, "acceptable proposal" means a proposal which  
21 substantially meets all of the requirements or conditions set forth in this  
22 section and which meets all of the requirements in the request for proposals.

23 G. A proposal shall not be accepted unless the proposal offers cost  
24 savings to this state. Cost savings shall be determined based upon the  
25 standard cost comparison model for privatization established by the director  
26 and the governor's office for excellence in government.

27 H. A proposal shall not be accepted unless the proposal offers a level  
28 and quality of services that are at least functionally equal to those that  
29 would be provided by this state.

30 I. Notwithstanding section 41-2546, a contract to provide correctional  
31 services as described in this section may be for an initial period of not  
32 more than ten years.

33 J. The initial contract may include an option to renew for two  
34 subsequent renewal periods of not more than five years each.

35 K. The performance of the contractor shall be compared to the  
36 performance of this state in operating similar facilities, as provided in  
37 this section. The department shall conduct a biennial comparison of the  
38 services provided by the vendor for the purpose of comparing private versus  
39 public provision of services. The comparison of services shall be based on  
40 professional correctional standards specified by the director and  
41 incorporated into the contract and shall be used for the purpose of  
42 determining if the contractor is providing at least the same quality of  
43 services as this state at a lower cost or if the contractor is providing  
44 services superior in quality to those provided by this state at essentially

1 the same cost. In conducting the comparison of services the director shall  
2 consider:

- 3 1. Security.
- 4 2. Inmate management and control.
- 5 3. Inmate programs and services.
- 6 4. Facility safety and sanitation.
- 7 5. Administration.
- 8 6. Food service.
- 9 7. Personnel practices and training.
- 10 8. Inmate health services.
- 11 9. Inmate discipline.
- 12 10. Other matters relating to services as determined by the director.

13 L. The director of the state department of corrections and the  
14 ~~governor's office for excellence in government~~ shall conduct a cost  
15 comparison of executed privatization contracts once every five years for each  
16 contract.

17 M. The director of the state department of corrections shall provide  
18 the most recent service comparison and cost comparison for contractors who  
19 exclusively contract with the department to the joint legislative budget  
20 committee for its review.

21 N. A contract for correctional services described in this section  
22 shall not be entered into unless the following requirements are met:

23 1. The contractor provides audited financial statements for the  
24 previous five years, or for each of the years the contractor has been in  
25 operation, if fewer than five years, and provides other financial information  
26 as requested.

27 2. The contractor provides an adequate plan of insurance, specifically  
28 including coverage or insurance for civil rights claims and liabilities as  
29 approved by the risk management division of the department of administration.

30 3. The contractor agrees to be liable for the costs of any emergency,  
31 public safety or security services provided to the contractor by the state  
32 or any political subdivision of the state and to reimburse the state or any  
33 political subdivision of the state for the cost of any such services.

34 O. The sovereign immunity of this state does not apply to the  
35 contractor. Neither the contractor nor the insurer of the contractor may  
36 plead the defense of sovereign immunity in any action arising out of the  
37 performance of the contract.

38 P. A contract for correctional services shall not authorize, allow or  
39 imply a delegation of authority or responsibility to a prison contractor for  
40 any of the following:

41 1. Developing and implementing procedures for calculating inmate  
42 release dates.

43 2. Developing and implementing procedures for calculating and awarding  
44 sentence credits.

1           3. Approving the type of work inmates may perform and the wages or  
2 sentence credits which may be given to inmates engaging in the work.

3           4. Granting, denying or revoking sentence credits, placing an inmate  
4 under less restrictive custody or more restrictive custody or taking any  
5 disciplinary actions.

6           Sec. 46. Section 41-1712, Arizona Revised Statutes, is amended to  
7 read:

8           41-1712. Organization of department; divisions; sections; other  
9                                   divisions

10          A. The department shall consist of the following divisions:

11          1. Arizona highway patrol.

12          2. Narcotics enforcement and criminal investigation.

13          3. Scientific criminal analysis.

14          4. Training and education.

15          5. ~~Liquor control.~~

16          B. The department may establish district headquarters and stations at  
17 various places in the state, using existing facilities wherever possible,  
18 with the personnel and equipment necessary for the proper functioning and  
19 operation thereof OF THE HEADQUARTERS AND STATIONS.

20          C. The director may establish other divisions or reserves or  
21 reorganize or consolidate the department.

22          Sec. 47. Repeal

23          Sections 41-1791, 41-1792 and 41-1793, Arizona Revised Statutes, are  
24 repealed.

25          Sec. 48. Section 41-1794, Arizona Revised Statutes, is amended to  
26 read:

27          41-1794. Additional responsibilities of director;  
28                                   alcohol-related offenses; annual report

29          A. The director shall take such steps as are necessary to maintain  
30 effective liaison with the department of liquor licenses and control and all  
31 local law enforcement agencies ~~in the enforcement of the laws of this state~~  
32 ~~including enforcement against~~ REGARDING the consumption of spirituous liquor  
33 by persons under the age of twenty-one years.

34          B. All local law enforcement agencies and the department shall forward  
35 all investigative reports of licensee violations of title 4 or department of  
36 liquor licenses and control rules ~~and regulations~~ to the department of liquor  
37 licenses and control.

38          C. The director shall submit by September 30 of each year an annual  
39 report to the governor, the speaker of the house of representatives and the  
40 president of the senate detailing LIAISON actions taken by the department  
41 during the previous fiscal year ~~to enforce the~~ REGARDING THE LIQUOR laws of  
42 this state including LIAISON actions taken against the consumption of  
43 spirituous liquor by persons under twenty-one years of age.

1 does not exceed the rating of the receptacle to which such appliance is  
2 connected.

3 4. "Board" means the board of manufactured housing.

4 5. "Broker" means any person who, on behalf of another, sells,  
5 exchanges, buys, offers or attempts to negotiate or acts as an agent for the  
6 sale or exchange of a used manufactured home or mobile home except as  
7 exempted in section 41-2178.

8 6. "Component" means any part, material or appliance which is built-in  
9 as an integral part of the unit during the manufacturing process.

10 7. "Consumer" means either a purchaser or seller of a unit regulated  
11 by this chapter who utilizes the services of a person licensed by the  
12 department.

13 8. "Consummation of sale" means that a purchaser has received all  
14 goods and services that the dealer or broker agreed to provide at the time  
15 the contract was entered into or the transfer of title. Consummation of sale  
16 does not include warranties.

17 9. "Dealer" means any person who sells, exchanges, buys, offers or  
18 attempts to negotiate or acts as an agent for the sale or exchange of  
19 ~~recreational vehicles~~, factory-built buildings, subassemblies, manufactured  
20 homes or mobile homes except as exempted in section 41-2178. A lease or  
21 rental agreement by which the user acquired ownership of the unit with or  
22 without additional remuneration is considered a sale under the provisions of  
23 this chapter.

24 10. "Defect" means any defect in the performance, construction,  
25 components or material of a unit that renders the unit or any part of the  
26 unit unfit for the ordinary use for which it was intended.

27 11. "Department" means the department of building and fire safety.

28 12. "Director" means the director of the department.

29 13. "Earnest monies" means all monies given by a purchaser or a  
30 financial institution to a dealer or broker before consummation of the sale.

31 14. "Factory-built building" means a residential or nonresidential  
32 building including a dwelling unit or habitable room thereof which is either  
33 wholly or in substantial part manufactured at an off-site location to be  
34 assembled on-site, except that it does not include a manufactured home,  
35 recreational vehicle or mobile home as defined in this section.

36 15. "HUD" means the United States department of housing and urban  
37 development.

38 16. "Imminent safety hazard" means an imminent and unreasonable risk  
39 of death or severe personal injury.

40 17. "Insignia of approval" means a numbered or serialized label or seal  
41 issued by the assistant director of the office of administration as  
42 certification of compliance with the provisions of this chapter.

43 18. "Installation" means:

1           Sec. 49. Section 41-2141, Arizona Revised Statutes, is amended to  
2 read:

3           41-2141. Department of building and fire safety; establishment;  
4                           purposes; components

5           A. The department of building and fire safety is established to  
6 further the public interest of safety and welfare by maintaining and  
7 enforcing standards of quality and safety for manufactured homes, mobile  
8 homes, ~~AND factory-built buildings and recreational vehicles~~ and by reducing  
9 hazards to life and property through the maintenance and enforcement of the  
10 state fire code. It is also the purpose of the department to establish a  
11 procedure to protect the consumer of such products and services.

12           B. The department of building and fire safety consists of the board  
13 of manufactured housing, the installation standards committee, the state fire  
14 safety committee and the director of the department. The director's office  
15 consists of the office of manufactured housing, the office of state fire  
16 marshal and the office of administration.

17           C. The attorney general shall act for the department in all legal  
18 actions or proceedings and shall advise the department on all questions of  
19 law arising out of the administration of this chapter.

20           Sec. 50. Section 41-2142, Arizona Revised Statutes, is amended to  
21 read:

22           41-2142. Definitions

23           In this chapter, unless the context otherwise requires:

24           1. "Accessory structure" means the installation, assembly, connection  
25 or construction of any one-story habitable room, storage room, patio, porch,  
26 garage, carport, awning, skirting, retaining wall, evaporative cooler,  
27 refrigeration air conditioning system, solar system or wood decking attached  
28 to a new or used manufactured home, mobile home or residential single family  
29 factory-built building.

30           2. "Act" means the national manufactured home construction and safety  
31 standards act of 1974 and title VI of the housing and community development  
32 act of 1974 (P.L. 93-383, as amended by P.L. 95-128, 95-557, 96-153 and  
33 96-339).

34           3. "Alteration of units" means the replacement, addition, modification  
35 or removal of any equipment or installation after the sale by a manufacturer  
36 to a dealer or distributor but prior to the sale by a dealer to a purchaser,  
37 which may affect compliance with the standards, construction, fire safety,  
38 occupancy, plumbing or heat-producing or electrical system. Alteration does  
39 not mean the repair or replacement of a component or appliance requiring  
40 plug-in to an electrical receptacle if the replaced item is of the same  
41 configuration and rating as the component or appliance being repaired or  
42 replaced. Alteration also does not mean the addition of an appliance  
43 requiring plug-in to an electrical receptacle if such appliance is not  
44 provided with the unit by the manufacturer and the rating of the appliance

1       26. "Mobile home" means a structure built prior to June 15, 1976, on  
2 a permanent chassis, capable of being transported in one or more sections and  
3 designed to be used with or without a permanent foundation as a dwelling when  
4 connected to on-site utilities except recreational vehicles and factory-built  
5 buildings.

6       27. "Purchaser" means a person purchasing a unit in good faith from a  
7 licensed dealer or broker for purposes other than resale.

8       28. "Qualifying party" means a person who is an owner, employee,  
9 corporate officer or partner of the licensed business and who has active and  
10 direct supervision of and responsibility for all operations of that licensed  
11 business.

12       29. "Reconstruction of a unit" means construction work performed for  
13 the purpose of restoration or modification of a unit by changing or adding  
14 structural components, OR electrical, plumbing or heat or air producing  
15 systems.

16       30. "Recreational vehicle" means a vehicular type unit which is:

17       (a) A portable camping trailer mounted on wheels and constructed with  
18 collapsible partial sidewalls which fold for towing by another vehicle and  
19 unfold for camping.

20       (b) A motor home designed to provide temporary living quarters for  
21 recreational, camping or travel use and built on or permanently attached to  
22 a self-propelled motor vehicle chassis or on a chassis cab or van that is an  
23 integral part of the completed vehicle.

24       (c) A park trailer built on a single chassis, mounted on wheels and  
25 designed to be connected to utilities necessary for operation of installed  
26 fixtures and appliances and has a gross trailer area of not less than three  
27 hundred twenty square feet and not more than four hundred square feet when  
28 it is set up, except that it does not include fifth wheel trailers.

29       (d) A travel trailer mounted on wheels, designed to provide temporary  
30 living quarters for recreational, camping or travel use, of a size or weight  
31 that may or may not require special highway movement permits when towed by  
32 a motorized vehicle and has a trailer area of less than three hundred twenty  
33 square feet. This subdivision includes fifth wheel trailers. If a unit  
34 requires a size or weight permit, it shall be manufactured to the standards  
35 for park trailers in A 119.5 of the American national standards institute  
36 code.

37       (e) A portable truck camper constructed to provide temporary living  
38 quarters for recreational, travel or camping use and consisting of a roof,  
39 floor and sides designed to be loaded onto and unloaded from the bed of a  
40 pickup truck.

41       31. "Salesperson" means any person who, for a salary, commission or  
42 compensation of any kind, is employed by or acts on behalf of any dealer or  
43 broker of manufactured homes, mobile homes or factory-built buildings to  
44 sell, exchange, buy, offer or attempt to negotiate or act as an agent for the

1 (a) Connecting new or used mobile homes, manufactured homes or  
2 factory-built buildings to on-site utility terminals or repairing these  
3 utility connections.

4 (b) Placing new or used mobile homes, manufactured homes, accessory  
5 structures or factory-built buildings on foundation systems or repairing  
6 these foundation systems.

7 (c) Providing ground anchoring for new or used mobile homes or  
8 manufactured homes or repairing the ground anchoring.

9 19. "Installation supervision" means that the installer may act as an  
10 installer of accessory structures for manufactured homes, mobile homes or  
11 residential single family factory-built buildings and may also contract with  
12 the purchaser or owner of a unit, or a dealer licensed under this chapter,  
13 to arrange for, control and supervise all aspects of the installation of a  
14 unit and accessory structures, including retaining and supervising persons  
15 whose activities are licensed under this chapter. A licensed installer may  
16 not contract with the purchaser or owner of a unit or with a dealer licensed  
17 under this chapter, to arrange for, retain and supervise a person who is  
18 licensed or regulated by an agency other than the office of manufactured  
19 housing, unless the licensed installer is also licensed by the same agency  
20 which licenses or regulates the person whom the installer retains and  
21 supervises. Installation supervision also includes the installer's right,  
22 if authorized by the purchaser, owner or dealer, to seek and obtain recourse,  
23 remedies or relief against all persons whose activities are supervised. If  
24 requested by a licensed installer or an applicant for an installer's license,  
25 and approved by the assistant director pursuant to sections 41-2175 and  
26 41-2176, an installer may obtain a license that includes installation  
27 supervision.

28 20. "Installer" means any person who engages in the business of  
29 performing installations of manufactured homes, mobile homes or residential  
30 single family factory-built buildings.

31 21. "Installer of accessory structures" means any person who engages  
32 in the business of installing accessory structures.

33 22. "Listing agreement" means a document which contains the name and  
34 address of the seller, a description of the unit to be listed and the terms  
35 which include the period of time that the agreement is in force, the price  
36 the seller is requesting for the unit, the commission to be paid to the  
37 licensee and the signatures of the sellers and the licensee who obtains the  
38 listing.

39 23. "Local enforcement agency" means a zoning or building department  
40 of a city, town or county or its agents.

41 24. "Manufactured home" means a structure built in accordance with the  
42 act.

43 25. "Manufacturer" means any person engaged in manufacturing,  
44 assembling or reconstructing any unit regulated by this chapter.

1 sale or exchange of an interest in a manufactured home, mobile home or  
2 factory-built building.

3 32. "Seller" means a natural person who enters into a listing agreement  
4 with a licensed dealer or broker for the purpose of resale.

5 33. "Site development" means the development of an area for the  
6 installation of the unit's or units' locations, parking, surface drainage,  
7 driveways, on-site utility terminals and property lines at a proposed  
8 construction site or area.

9 34. "Statutory agent" means an adult person who has been a bona fide  
10 resident of this state for at least three years and has agreed to act as  
11 agent for a licensee.

12 35. "Subassembly" means a prefabricated wall, floor, ceiling, roof or  
13 similar combination of components.

14 36. "Title transfer" means a true copy of the application for title  
15 transfer which is stamped or validated by the appropriate government agency.

16 37. "Unit" means a manufactured home, mobile home, recreational  
17 vehicle, factory-built building, subassembly or accessory structures.

18 38. "Unit safety" means the performance of a unit in such a manner that  
19 the public is protected against any unreasonable risk of the occurrence of  
20 accidents due to the design or construction of such unit, or any unreasonable  
21 risk of death or injury to the user or to the public if such accidents occur.

22 39. "Used unit" means any unit which is regulated by this chapter and  
23 which has been sold, bargained, exchanged or given away from a purchaser who  
24 first acquired the unit which was titled in the name of such purchaser.

25 40. "Workmanship" means a minimum standard of construction or  
26 installation reflecting a journeyman quality of the work of the various  
27 trades.

28 Sec. 51. Section 41-2144, Arizona Revised Statutes, is amended to  
29 read:

30 41-2144. Powers and duties of board

31 A. The board shall:

32 1. Adopt rules imposing minimum construction requirements for  
33 factory-built buildings, subassemblies and components thereof which shall be  
34 reasonably consistent with nationally recognized and accepted publications  
35 or generally accepted manufacturing practices pertinent to the construction  
36 and safety standards for such item to be manufactured. Such standards shall  
37 include minimum requirements for the safety and welfare of the public.

38 2. Adopt rules imposing requirements for body and frame design and  
39 construction and installation of plumbing, heating and electrical systems for  
40 manufactured homes which are consistent with the rules and regulations for  
41 construction and safety standards adopted by the United States department of  
42 housing and urban development.

43 ~~3. Adopt rules imposing minimum construction requirements for~~  
44 ~~recreational vehicles which shall be reasonably consistent with nationally~~  
45 ~~recognized and accepted publications for such item to be manufactured. Such~~

1 ~~standards shall include minimum requirements for the safety and welfare of~~  
2 ~~the public.~~

3 ~~4.~~ 3. Adopt rules relating to plan approvals as to requirements for  
4 the design, construction, alteration, reconstruction and installation of  
5 units or accessory structures as deemed necessary by the board to carry out  
6 the provisions of this chapter.

7 ~~5.~~ 4. Establish a schedule of fees, payable by persons, licensees or  
8 owners of units regulated by this chapter, for inspections, licenses,  
9 permits, plan reviews, administrative functions and insignia so that the  
10 total annual income derived from such fees will not be less than ninety-five  
11 per cent and not more than one hundred five per cent of the anticipated  
12 expenditures for the operation of the office of manufactured housing.

13 ~~6.~~ 5. Adopt rules relating to the inspection throughout the state by  
14 the assistant director of the office of manufactured housing of the  
15 installation of manufactured homes, mobile homes, factory-built buildings and  
16 accessory structures included as part of a sales contract for a new or used  
17 mobile or manufactured home or part of an agreement to move a new or used  
18 mobile or manufactured home.

19 ~~7.~~ 6. Establish and maintain licensing standards and bonding  
20 requirements for all manufacturers of manufactured homes, recreational  
21 vehicles, factory-built buildings and subassemblies regulated pursuant to  
22 this chapter.

23 ~~8.~~ 7. Establish and maintain licensing standards and bonding  
24 requirements for all dealers and brokers of manufactured homes, mobile homes,  
25 recreational vehicles, factory-built buildings and subassemblies thereof who  
26 sell or arrange the sale of such products within this state.

27 ~~9.~~ 8. Establish and maintain licensing standards and bonding  
28 requirements for all installers of manufactured homes, mobile homes and  
29 accessory structures and certified standards for all persons who repair these  
30 homes and structures under warranties and who are not employees of the  
31 manufacturer.

32 ~~10.~~ 9. Establish and maintain licensing standards for all salespersons  
33 of manufactured homes, mobile homes and factory-built buildings. These  
34 standards shall not include educational requirements.

35 ~~11.~~ 10. Adopt rules consistent with the United States department of  
36 housing and urban development procedural and enforcement regulations and  
37 enter into such contracts necessary to administer the federal manufactured  
38 home regulations.

39 ~~12.~~ 11. Adopt rules imposing minimum fire and life safety requirements  
40 in the categories of fire detection equipment, flame spread for gas furnace  
41 and water heater compartments, egress windows, electrical system and gas  
42 system for mobile homes entering this state.

43 ~~13.~~ 12. Adopt rules for inspections and permits for minimum fire and  
44 life safety requirements and establish fees for such inspections and permits  
45 for mobile homes entering this state.

1       ~~14.~~ 13. Adopt such other rules as the board deems necessary for the  
2 director to carry out ~~the provisions of~~ this chapter and, to the extent not  
3 authorized by other provisions of this section, adopt rules as necessary to  
4 interpret, clarify, administer or enforce ~~the provisions of~~ this article and  
5 articles 2 and 4 of this chapter.

6       ~~15.~~ 14. Adopt rules relating to the installation of manufactured  
7 homes, mobile homes, factory-built buildings and accessory structures  
8 included as part of a sales contract for a new or used mobile or manufactured  
9 home or part of an agreement to move a new or used mobile or manufactured  
10 home. This paragraph does not apply to:

11       (a) Single wide factory-built buildings that are used for construction  
12 project office purposes and that are not used by the public.

13       (b) Storage buildings of less than one hundred sixty-eight square feet  
14 that are not used by the public.

15       (c) Equipment buildings that are not used by the public.

16       ~~16.~~ 15. Adopt rules relating to acceptable workmanship standards.

17       ~~17.~~ 16. Adopt rules relating to issuing permits to licensees, owners  
18 of units or other persons for the installation of manufactured homes, mobile  
19 homes, factory-built buildings and accessory structures.

20       ~~18.~~ 17. Adopt rules including a requirement that a permit shall be  
21 obtained before the installation of a mobile or manufactured home.

22       B. In adopting rules pursuant to subsection A, paragraph ~~4~~ 3, the  
23 board shall consider for adoption any amendments to the codes and standards  
24 referred to in subsection A, paragraphs ~~1~~, AND ~~2 and 3~~. If the board adopts  
25 the amendments to such codes and standards, the director shall notify the  
26 manufacturers licensed pursuant to article 4 of this chapter ninety or more  
27 days prior to the effective date of such amendments.

28       C. Chapter 6 of this title does not apply to the setting of fees under  
29 subsection A, paragraph ~~5~~ 4.

30       D. Rules adopted pursuant to subsection A, paragraph ~~15~~ 14 shall be  
31 standard throughout this state and may be enforced by the local enforcement  
32 agencies upon installation to ensure a standard of safety. The board may  
33 make an exception to the standard if, on petition by a local jurisdiction  
34 participating in the installation inspection program, local conditions  
35 justify the exemption or it is necessary to protect the health and safety of  
36 the public. On its own motion, the board may revise or repeal any exception.

37       Sec. 52. Section 41-2151, Arizona Revised Statutes, is amended to  
38 read:

39       41-2151. Office of manufactured housing; purpose

40       The purpose of the office of manufactured housing within the department  
41 is to maintain standards of quality and safety for manufactured homes,  
42 factory-built buildings, mobile homes, ~~recreational vehicles~~, AND accessory  
43 structures and installation of manufactured and mobile homes, factory-built  
44 buildings and accessory structures. The affairs of the office of  
45 manufactured housing shall be conducted consistently with minimum standards

1 compliance with any standard covering any aspect of the unit which is  
2 inspected pursuant to this article.

3 B. Except where a local enforcement agency participates in the office  
4 permit and insignia issuance program for the installation of manufactured  
5 homes, mobile homes, factory-built buildings and accessory structures and  
6 inspection of such installations, no local enforcement agency shall subject  
7 any unit installed to any local inspections or charge a fee for any services  
8 provided pursuant to this article.

9 C. A local enforcement agency in any county or municipality shall  
10 recognize the minimum standards of the act as equal to any nationally  
11 accepted or locally adopted building code standard.

12 D. Nothing in subsection A, B or C of this section shall prevent the  
13 application of local codes and ordinances governing zoning requirements, fire  
14 zones, building setback, maximum area and fire separation requirements, site  
15 development and property line requirements and requirements for on-site  
16 utility terminals for factory-built buildings, manufactured homes, ~~AND~~  
17 mobile homes ~~and recreational vehicles~~.

18 E. Notwithstanding any other provision of this section, the owner of  
19 a manufactured home or mobile home located in a park subject to title 33,  
20 chapter 11 is responsible for the maintenance of utility connections from any  
21 outlets furnished by the landlord pursuant to section 33-1434 to the unit,  
22 except that the landlord is responsible for the maintenance of connections  
23 for any distance greater than twenty-five feet to the point at which the  
24 utility connections are the property of the providing utility company if the  
25 outlet is located outside the lot line of the owner's unit and is more than  
26 twenty-five feet from the unit. A local enforcement agency that determines  
27 that local code requirements are not being met or that maintenance or safety  
28 activities are needed for utility connections may not require anyone except  
29 the responsible party to perform or pay for such activities.

30 Sec. 55. Section 41-2178, Arizona Revised Statutes, is amended to  
31 read:

32 41-2178. Exemptions

33 A. Any person engaged in installing manufactured homes, mobile homes  
34 or accessory structures and licensed in an appropriate category by the  
35 registrar of contractors pursuant to title 32, chapter 10, article 2 is  
36 exempt only from the licensing requirements of this article.

37 B. The requirements of this chapter applicable to dealers and brokers  
38 do not apply to persons performing the following transactions:

39 1. Real estate brokers and real estate salesmen licensed under section  
40 32-2122 who engage in activities proscribed by this chapter with respect to  
41 used manufactured homes, mobile homes, factory-built buildings or  
42 subassemblies if the activity is incidental to the transfer of an interest  
43 in real property and the manufactured home, mobile home, factory-built  
44 building or subassembly is installed on the real property.

1 of the United States department of housing and urban development so as to be  
2 designated the "state inspector" for manufactured homes and related  
3 industries. The office shall implement all existing laws and regulations  
4 mandated by the federal government, its agencies and this state for such  
5 purposes.

6 Sec. 53. Section 41-2154, Arizona Revised Statutes, is amended to  
7 read:

8 41-2154. Submission of construction, reconstruction or  
9 alteration plans by manufacturers; approval;  
10 revocation

11 A. Prior to the construction of any new model of recreational vehicle,  
12 factory-built building or subassembly, each manufacturer who intends to  
13 manufacture for delivery or sell such unit in this state shall submit to the  
14 director for approval detailed plans of each model and shall have obtained  
15 such approval.

16 B. Prior to reconstruction of any factory-built building, or  
17 recreational vehicle including those for which the director has not approved  
18 plans before construction, the licensee shall submit to the director for  
19 approval detailed plans of the factory-built building or recreational vehicle  
20 that indicate conformance with this state's adopted codes as certified by an  
21 engineer who is registered pursuant to title 32, chapter 1.

22 C. Prior to installation of a factory-built building or accessory  
23 structure, each licensee who intends to accomplish the construction shall  
24 submit to the director for approval detailed plans for each project and shall  
25 obtain the director's approval.

26 D. The office or a third party inspector who is authorized by the  
27 assistant director to verify compliance with the approved plans shall inspect  
28 the factory-built building or recreational vehicle.

29 E. A plan approval may be immediately suspended by the written notice  
30 of the assistant director if the assistant director has reasonable cause to  
31 believe that the licensee is not complying with the plan as approved or  
32 that the licensee has used inferior materials or workmanship in  
33 construction. This notice shall be served by personal service to an in-state  
34 licensee and by certified mail to an out-of-state licensee. Service of  
35 process by certified mail is complete after forty-eight hours from the time  
36 of deposit in the mail.

37 Sec. 54. Section 41-2155, Arizona Revised Statutes, is amended to  
38 read:

39 41-2155. Preemption of local building codes; responsibility for  
40 maintenance of utility connections

41 A. No building code or local enforcement agency or its adopted  
42 building codes may require, as a condition of entry into or sale in any  
43 county or municipality, that any unit which has been certified pursuant to  
44 this article be subjected to any local enforcement inspection to determine

1           2. Receivers, trustees, administrators, executors, guardians or other  
2 persons appointed by or acting under the judgment of any court.

3           3. Public officers while performing their official duties.

4           4. Banks and other financial institutions, and their subsidiaries, and  
5 other corporations qualified to do business in this state, if they are  
6 proceeding as reposseors or liquidators, but only to the extent that they  
7 finance the sales transaction by which the repossessed property is liquidated  
8 or are a holder in due course with respect to the transaction.

9           5. A purchaser who sells no more than two recreational ~~vehicles~~,  
10 factory-built buildings, subassemblies, manufactured homes or mobile homes  
11 in any twelve month period.

12          Sec. 56. Section 41-2194, Arizona Revised Statutes, is amended to  
13 read:

14          41-2194. Unlawful acts

15          It is unlawful for any person to:

16          1. Manufacture ~~recreational vehicles~~, manufactured homes,  
17 factory-built buildings or subassemblies in this state or for delivery or  
18 sale in this state unless such person is licensed as a manufacturer by the  
19 office.

20          2. Engage in the business of installing manufactured homes, mobile  
21 homes or accessory structures unless such person is licensed as an installer  
22 by the office.

23          3. Engage in the business of a salesperson of manufactured homes,  
24 mobile homes or factory-built buildings unless the person is licensed as a  
25 salesperson by the office.

26          4. Engage in the business of contracting to sell any new or used unit  
27 or subassemblies regulated by this article or otherwise act in the capacity  
28 of a dealer or broker unless such person is licensed as a dealer or broker  
29 by the office.

30          5. Make alterations to or reconstruct any manufactured homes, OR  
31 factory-built buildings or ~~recreational vehicles~~ unless such person is  
32 licensed or certified.

33          Sec. 57. Section 41-2195, Arizona Revised Statutes, is amended to  
34 read:

35          41-2195. Violation; classification; penalty

36          A. No person required to be licensed pursuant to this article may sell  
37 or offer to sell in this state any manufactured home, ~~recreational vehicle~~,  
38 factory-built building or subassembly unless the proper state insignia or HUD  
39 label is affixed to such unit.

40          B. No person required to be licensed pursuant to this article may  
41 manufacture for delivery, sell or offer to sell in this state any  
42 manufactured home, ~~recreational vehicle~~, factory-built building or  
43 subassembly unless the unit and its components, systems and appliances have  
44 been constructed and assembled in accordance with the standards and rules  
45 adopted pursuant to this chapter.

1 C. A person shall not occupy or otherwise use a mobile home which has  
2 been brought into this state or move a mobile home from one mobile home park  
3 in this state to another mobile home park in this state unless it meets the  
4 standards adopted pursuant to this chapter and displays the proper state  
5 insignia. A mobile home that is rehabilitated in accordance with  
6 rehabilitation rules adopted by the department and receives an insignia of  
7 approval shall be deemed by a county or municipality to be acceptable for  
8 relocation into an existing mobile home park. This subsection does not apply  
9 to a person bringing a mobile home into this state as a tourist.

10 D. A person shall not advertise or offer for sale a mobile home which  
11 has been brought into this state unless it meets the standards adopted  
12 pursuant to this chapter and displays the proper state insignia.

13 E. No person may remove or cause to be removed an insignia of approval  
14 or a notice of violation without prior authorization of the office.

15 F. A person shall not occupy or use a mobile home in violation of an  
16 order to vacate issued pursuant to section 41-2153, subsection B,  
17 paragraph 6.

18 G. Except as provided in ~~subsection~~ SUBSECTIONS I AND J of this  
19 section, a person who violates any provision of this chapter, or any such  
20 rule or standard, is guilty of a class 2 misdemeanor.

21 H. The assistant director may, after notice and A hearing pursuant to  
22 ~~the provisions of~~ section 41-2181, subsection A, MAY deny the issuance of a  
23 license or revoke or suspend the license of, impose an administrative penalty  
24 on or place on probation any manufacturer, dealer, broker, salesperson or  
25 installer who has violated any provision of this chapter or any standards and  
26 rules issued ADOPTED pursuant to this chapter.

27 I. Any manufacturer, dealer, broker, salesperson or installer who  
28 knowingly violates any provision of this chapter or the rules adopted  
29 pursuant to section 41-2144, subsection A, paragraph 1, 2, 3, ~~10~~ 9 or ~~11~~ 10  
30 or any person who knowingly provides false information to seek reimbursement  
31 of expenses under section 41-2157 is guilty of a class 1 misdemeanor. Each  
32 violation of this chapter shall constitute a separate violation with respect  
33 to each failure or refusal to allow or perform an act required by this  
34 chapter, except that the maximum fine may not exceed one million dollars for  
35 any related series of violations occurring within one year from the date of  
36 the first violation.

37 J. An individual or a director, officer or agent of a corporation who  
38 knowingly violates ~~the provisions of~~ this chapter or the rules adopted  
39 pursuant to this chapter in a manner which threatens the health or safety of  
40 any purchaser is guilty of a class 1 misdemeanor.

41 K. A manufacturer, dealer, salesperson or broker shall not knowingly  
42 sell a unit regulated by this chapter to an unlicensed person for the purpose  
43 of resale, nor shall a dealer offer for sale or sell a new unit manufactured  
44 by an unlicensed person.

1 L. In addition to any other obligations imposed by law or contract  
2 during the term of a listing agreement, a licensee who has agreed to act as  
3 an agent to offer a manufactured home for sale shall promptly submit all  
4 offers to purchase the listed unit from any source to the client. The offers  
5 shall be in writing and signed and dated by the party making the offer and  
6 the client on receipt. A copy of the executed document shall be maintained  
7 as part of the record of sales.

8 M. No licensee, owner or other persons may manufacture, alter,  
9 reconstruct or install units regulated by this chapter, unless it is  
10 accomplished in a workmanlike manner in accordance with the rules adopted  
11 pursuant to this chapter and is suitable for the intended purpose.

12 Sec. 58. Section 41-2773, Arizona Revised Statutes, is amended to  
13 read:

14 41-2773. Powers and duties of the office of management and  
15 budget relating to competitive government

16 In addition to the duties assigned by the governor, the office:

17 1. Shall develop, implement and manage a statewide competitive  
18 government program.

19 2. Shall identify, with the assistance of state agencies, functions  
20 in state government appropriate for submittal to the competitive government  
21 process.

22 3. May require a state agency to conduct an in-house total cost  
23 estimate, a management study or any hearing, study, review or cost estimate  
24 concerning any aspect of a target function to determine the potential for  
25 privatization.

26 4. May require a state agency to release a request for proposal or  
27 invitation to bid for any target function the office deems appropriate for  
28 competitively contracting.

29 5. Shall develop minimum savings criteria for governing the award of  
30 contracts resulting from the competitive government process.

31 ~~6. Shall instruct the governor's office for excellence in government,~~  
32 ~~or its successor, to:~~

33 (a) 6. SHALL develop a costing model that accurately estimates and  
34 accounts for the total cost of providing a state function and develop methods  
35 by which state in-house costs can be compared to private sector costs. The  
36 model shall:

37 (i) (a) Take into account relevant costs for determining whether  
38 savings would result from the privatization of a target function.

39 (ii) (b) Specifically account for conversion, transaction,  
40 disruption, contract monitoring costs, and revenue increases and decreases  
41 related to a privatization.

42 (iii) (c) Include uniform definitions of direct costs and indirect  
43 costs.

44 (b) 7. SHALL develop a handbook and training program that educates  
45 state agencies in the competitive government process.

1       (c) 8. SHALL preapprove requests for proposals and invitations to  
2 bid, as the office deems appropriate, that could result in the privatization  
3 or transfer to another state agency of a target function.

4       Sec. 59. Section 41-3521, Arizona Revised Statutes, is amended to  
5 read:

6       41-3521. Information technology authorization committee;  
7       members; terms; duties; compensation; definition

8       A. The information technology authorization committee is established  
9 consisting of the following fourteen FIFTEEN members:

10       1. One member of the house of representatives who is appointed by the  
11 speaker of the house of representatives and who shall serve as an advisory  
12 member.

13       2. One member of the senate who is appointed by the president of the  
14 senate and who shall serve as an advisory member.

15       3. Four members from private industry who are appointed by the  
16 governor pursuant to section 38-211 and who are knowledgeable in information  
17 technology.

18       4. One local government member and one federal government member who  
19 are appointed by the governor and who shall serve as advisory members.

20       5. Two members who are directors of state agencies and who are  
21 appointed by the governor.

22       6. The administrative director of the courts or the director's  
23 designee.

24       7. The director of the government information technology agency. The  
25 director shall be the chairperson of the committee but for all other purposes  
26 shall serve as an advisory member.

27       8. Two members from either private industry or state government who  
28 are appointed by the governor.

29       9. THE STAFF DIRECTOR OF THE JOINT LEGISLATIVE BUDGET COMMITTEE, OR  
30 THE STAFF DIRECTOR'S DESIGNEE, WHO SHALL SERVE AS AN ADVISORY MEMBER.

31       B. Committee members who are from private industry serve two year  
32 terms. The other members serve at the pleasure of their appointing officers.

33       C. For all budget units and the legislative and judicial branches of  
34 state government, the committee shall:

35       1. Review established statewide information technology standards and  
36 the statewide information technology plan.

37       2. Review the minimum qualifications established by the director for  
38 each position authorized for the agency.

39       3. Approve or disapprove all proposed information technology projects  
40 that exceed a total cost of one million dollars, excluding public monies from  
41 county, municipal and other political subdivision sources that are not  
42 deposited in a state fund. ~~Beginning on June 1, 1998,~~ As part of a budget  
43 request for an information technology project that has total costs of more  
44 than one million dollars, a budget unit and the legislative and judicial  
45 branches of state government shall indicate the status of review by the

1 committee. Projects shall not be artificially divided to avoid review by the  
2 committee.

3 4. Develop a report format that incorporates the life cycle analysis  
4 prescribed by section 41-2553 for use in submitting project requests to the  
5 committee.

6 5. Require expenditure and activity reports from a budget unit or the  
7 legislative or judicial branches of state government on implementing  
8 information technology projects approved by the committee.

9 6. Conduct periodic reviews on the progress of implementing  
10 information technology projects approved by the committee.

11 7. Monitor information technology projects that the committee  
12 considers to be major or critical.

13 8. Temporarily suspend the expenditure of monies if the committee  
14 determines that the information technology project is at risk of failing to  
15 achieve its intended results or does not comply with the requirements of  
16 this chapter.

17 9. Hear and decide appeals made by budget units regarding the agency's  
18 rejection of their proposed information technology plans or projects.

19 10. Report to the governor, the speaker of the house of  
20 representatives, the president of the senate, the secretary of state and the  
21 director of the Arizona state library, archives and public records at least  
22 annually on all matters concerning its objectives. This includes:

23 (a) Its review of the statewide information technology plan developed  
24 by the agency.

25 (b) The findings and conclusions of its periodic reviews.

26 (c) Its recommendations on desirable legislation relating to  
27 information technology.

28 11. Adopt rules it deems necessary or desirable to further the  
29 objectives and programs of the committee.

30 D. The committee shall meet at the call of the chairperson.

31 E. Members of the committee are not eligible to receive compensation  
32 but are eligible to receive reimbursement for expenses pursuant to title 38,  
33 chapter 4, article 2.

34 F. For THE purposes of this section, "advisory member" means a member  
35 who gives advice to the other members of the committee at committee meetings  
36 but who is not eligible to vote and is not a member for purposes of  
37 determining whether a quorum is present.

38 Sec. 60. Section 41-3956, Arizona Revised Statutes, is amended to  
39 read:

40 41-3956. Housing development fund; purpose

41 A. The housing development fund is established for the purpose of  
42 implementing a housing demonstration program in areas in this state that  
43 contain state prison facilities. The fund consists of monies provided from  
44 the housing trust fund pursuant to section 44-313, subsection A,  
45 paragraph 2-1. The department shall administer the fund.

1       B. The department shall allocate fund monies as loans or grants for  
2 the construction or renovation of facilities for housing pursuant to this  
3 section or for advancing down payments, closing costs or mortgage amount  
4 reductions.

5       C. A project is eligible to receive funding if the project is within  
6 a twenty mile radius of an existing or future prison site. The communities  
7 of Buckeye, Douglas, Florence, Safford, Winslow and Yuma and other  
8 communities that are selected as sites for future prison facilities are  
9 eligible to receive monies pursuant to this section.

10       D. The department shall give preference to projects with local  
11 government support and commitments, including local general funds, fee  
12 waivers, government sponsored infrastructure improvements and land donations,  
13 and to projects that provide housing and shelter to families and individuals  
14 who are employed by state prison facilities.

15       E. Monies in the fund shall be used to provide long-term housing  
16 opportunities for low and moderate income households and for housing  
17 affordability for areas authorized under subsection C of this section.

18       F. Five hundred thousand dollars of the monies in the fund shall be  
19 used for housing in eligible areas. Other monies in the fund shall be used  
20 for any purpose provided by this section.

21       G. The director may issue loans from the fund to assist eligible  
22 communities in funding housing. The director may issue loans pursuant to the  
23 following terms and conditions:

24       1. The loans shall be made only for projects that meet the  
25 requirements of this section and that demonstrate financial viability.

26       2. The director may assess an administrative fee on each loan to cover  
27 the annual cost to this state of administering the loan program.

28       3. Each loan shall be evidenced by a contract or contracts between a  
29 political subdivision, a for profit or nonprofit housing developer and the  
30 director acting on behalf of the state or any combination of a political  
31 subdivision, a housing developer and the director. The contract shall  
32 provide for at least annual payments of principal and may provide for payment  
33 of administrative fees for the term of the loan.

34       4. Each contract shall provide that the attorney general may commence  
35 any action that is necessary to enforce the contract and to achieve the  
36 repayment of loans that are made pursuant to this section.

37       H. Loan payments and administrative fees received pursuant to  
38 subsection G of this section shall be deposited, pursuant to sections 35-146  
39 and 35-147, in the housing development fund.

40       I. Monies in the fund may also be spent for grants or other purposes  
41 that meet the requirements that are imposed on the use of the monies.

42       J. The director shall report annually to the legislature on the status  
43 of the fund. The report shall include a summary of facilities for which  
44 funding was provided during the preceding fiscal year and shall show the cost  
45 and geographic location of each facility and the number of individuals who

1 benefited from the construction or renovation of the facility. The report  
2 shall be submitted to the president of the senate and the speaker of the  
3 house of representatives no later than September 1 of each year.

4 K. Monies in the fund are continuously appropriated. On notice from  
5 the department, the state treasurer shall invest and divest monies in the  
6 fund as provided by section 35-313, and monies earned from investment shall  
7 be credited to the fund. Monies in the fund are exempt from the provisions  
8 of section 35-190 relating to lapsing of appropriations.

9 L. For any construction project financed by the department pursuant  
10 to this section, the department shall notify a city, town, county or tribal  
11 government that a project is planned for its jurisdiction and, before  
12 proceeding, shall seek comment from the governing body of the city, town,  
13 county or tribal government or an official authorized by the governing body  
14 of the city, town, county or tribal government. The department shall not  
15 interfere with or attempt to override the local jurisdiction's planning,  
16 zoning or land use regulations.

17 Sec. 61. Section 42-5032, Arizona Revised Statutes, is amended to  
18 read:

19 42-5032. Distribution of county bridge construction and county  
20 highway improvement revenues; definitions

21 A. ~~Through June 30, 2010,~~ If, by June 30, 1998, the department of  
22 transportation enters into an intergovernmental agreement pursuant to section  
23 28-401, SUBSECTION C or section 28-7652, SUBSECTION A for the construction  
24 of a bridge, the state treasurer shall pay each month, beginning from and  
25 after June 30, 1998 THROUGH JUNE 30, 2010, pursuant to section 42-5029,  
26 subsection D, paragraph 4, one-twelfth of the amount determined under THIS  
27 subsection ~~B of this section~~ to a county that issues bonds pursuant to title  
28 28, chapter 21, article 4 or enters into an intergovernmental agreement  
29 pursuant to section 28-401, SUBSECTION C.

30 ~~B.~~ The amount to be paid under THIS subsection ~~A of this section~~ is  
31 the amount of state transaction privilege tax revenues received each calendar  
32 year, up to four hundred sixteen thousand six hundred sixty-seven dollars,  
33 from TAXPAYERS DESCRIBED IN SUBSECTION C OF THIS SECTION.

34 B. IF, BY DECEMBER 30, 2003, THE DEPARTMENT OF TRANSPORTATION ENTERS  
35 INTO AN INTERGOVERNMENTAL AGREEMENT PURSUANT TO SECTION 28-401, SUBSECTION  
36 D OR SECTION 28-7652, SUBSECTION B FOR THE DESIGN, RECONSTRUCTION AND  
37 IMPROVEMENT OF A COUNTY HIGHWAY APPROACHING AND TRAVERSING A BRIDGE FINANCED  
38 PURSUANT TO SUBSECTION A OF THIS SECTION, THE STATE TREASURER SHALL PAY EACH  
39 MONTH, BEGINNING FROM AND AFTER JUNE 30, 2006 THROUGH JUNE 30, 2018, PURSUANT  
40 TO SECTION 42-5029, SUBSECTION D, PARAGRAPH 4, ONE-TWELFTH OF THE AMOUNT  
41 DETERMINED UNDER THIS SUBSECTION TO A COUNTY THAT ISSUES BONDS PURSUANT TO  
42 TITLE 28, CHAPTER 21, ARTICLE 4 OR ENTERS INTO AN INTERGOVERNMENTAL AGREEMENT  
43 PURSUANT TO SECTION 28-401, SUBSECTION D. THE AMOUNT TO BE PAID UNDER THIS  
44 SUBSECTION IS THE AMOUNT OF STATE TRANSACTION PRIVILEGE TAX REVENUES RECEIVED  
45 EACH CALENDAR YEAR, UP TO FOUR HUNDRED SIXTEEN THOUSAND SIX HUNDRED

1 SIXTY-SEVEN DOLLARS, FROM TAXPAYERS DESCRIBED IN SUBSECTION C OF THIS  
2 SECTION. IF AN OWNER OF A SPORTS ENTERTAINMENT FACILITY DESCRIBED IN THIS  
3 SECTION VOLUNTARILY CONVEYS A MAJORITY OWNERSHIP INTEREST IN THE FACILITY TO  
4 ANOTHER ENTITY OR OWNER ON OR BEFORE JUNE 30, 2013, THE COUNTY MUST REIMBURSE  
5 THE STATE GENERAL FUND THE AMOUNT PAID TO THE COUNTY PURSUANT TO THIS  
6 SUBSECTION THROUGH THE DATE OF THE CONVEYANCE, EITHER BY WITHHOLDING  
7 TRANSACTION PRIVILEGE TAX REVENUES OTHERWISE PAYABLE TO THE COUNTY UNDER  
8 SECTION 42-5029, SUBSECTION D OR AS OTHERWISE PROVIDED BY THE  
9 INTERGOVERNMENTAL AGREEMENT ENTERED INTO PURSUANT TO SECTION 28-401,  
10 SUBSECTION D. THE REIMBURSEMENT OF MONIES TO THE STATE GENERAL FUND PURSUANT  
11 TO THIS SUBSECTION DOES NOT AFFECT THE CONTINUING PAYMENT OF HIGHWAY  
12 IMPROVEMENT REVENUES TO THE HIGHWAY IMPROVEMENT INTEREST FUND OR THE  
13 REDEMPTION FUND UNDER SECTION 28-7656, SUBSECTION B. FOR THE PURPOSES OF  
14 THIS SUBSECTION, A CONVEYANCE OCCURS ON THE DATE A TRANSFER OF OWNERSHIP OR  
15 AN OPTION TO ACQUIRE OWNERSHIP BECOMES IRREVOCABLE.

16 C. THIS SECTION APPLIES WITH RESPECT TO TRANSACTION PRIVILEGE TAX  
17 REVENUES COLLECTED FROM all persons conducting business under any business  
18 classification under this article at a sports entertainment facility,  
19 destination resort or retail center that both COMPLIES WITH ALL OF THE  
20 FOLLOWING:

21 1. Produces a total of at least six hundred thousand dollars each year  
22 in transaction privilege tax revenues to this state pursuant to this article.

23 2. Will acquire direct county highway access EITHER:

24 (a) Across a river by the bridge constructed.

25 (b) BY WAY OF THE COUNTY HIGHWAY BEING WIDENED AND IMPROVED.

26 3. PRODUCES AT LEAST NINE HUNDRED THOUSAND DOLLARS IN EACH OF THE  
27 YEARS 2006 THROUGH 2010 IN TRANSACTION PRIVILEGE TAX REVENUES TO THIS STATE.

28 ~~C.~~ D. The department shall report the amount AMOUNTS under subsection  
29 SUBSECTIONS A AND B of this section to the state treasurer on or before March  
30 31 of each year for payment for the following fiscal year.

31 ~~D.~~ E. For purposes of this section:

32 1. "Destination resort" means a person engaged in businesses  
33 classified under both the transient lodging classification and the amusement  
34 classification that provides on-site recreational facilities such as a golf  
35 course, tennis courts or a riding stable.

36 2. "Retail center" means a complex consisting of at least two  
37 businesses classified under the retail classification.

38 3. "Sports entertainment facility" means a complex located on at least  
39 three hundred acres that requires a ticket for admission for viewing a  
40 sporting event.

1       Sec. 62. Section 42-5252, Arizona Revised Statutes, is amended to  
2 read:

3       42-5252. Levy of tax

4       A. A tax is levied on every provider in an amount AS FOLLOWS:

5       1. For the fiscal years beginning from and after June 30, 2001 and  
6 ending before July 1, 2006, thirty-seven cents per month for each activated  
7 wire and wireless service account for the purpose of financing emergency  
8 telecommunication services.

9       2. ~~For the fiscal years beginning from and after June 30, 2006 and~~  
10 ~~ending before July 1, 2007~~ FISCAL YEAR 2006-2007, twenty-eight cents per  
11 month for each activated wire and wireless service account for the purpose  
12 of financing emergency telecommunication services.

13       3. For the fiscal years beginning from and after June 30, 2007, twenty  
14 cents per month for each activated wire and wireless service account for the  
15 purpose of financing emergency telecommunication services.

16       4. ~~One and one-tenth~~ 0.69 per cent of the provider's gross proceeds  
17 of sales or gross income derived from the business of providing exchange  
18 access services for the purpose of financing telecommunication devices for  
19 the deaf and the severely hearing and speech impaired under the program  
20 established pursuant to section 36-1947.

21       5. 0.18 PER CENT OF THE PROVIDER'S GROSS PROCEEDS OF SALES OR GROSS  
22 INCOME DERIVED FROM THE BUSINESS OF PROVIDING EXCHANGE ACCESS SERVICES FOR  
23 THE PURPOSE OF FINANCING THE ARIZONA POISON CONTROL SYSTEM. THESE MONIES  
24 SHALL BE DEPOSITED IN THE POISON CONTROL FUND ADMINISTERED BY THE DEPARTMENT  
25 OF HEALTH SERVICES AND ARE SUBJECT TO LEGISLATIVE APPROPRIATION.

26       6. 0.23 PER CENT OF THE PROVIDER'S GROSS PROCEEDS OF SALES OR GROSS  
27 INCOME DERIVED FROM THE BUSINESS OF PROVIDING EXCHANGE ACCESS SERVICES FOR  
28 THE PURPOSE OF FINANCING THE OPERATING EXPENSES OF THE ARIZONA STATE SCHOOLS  
29 FOR THE DEAF AND THE BLIND PURSUANT TO SECTION 15-1306.

30       B. Each provider shall state on the invoice to customers a separate  
31 line item stating the amount of tax levied pursuant to subsection A of this  
32 section.

33       C. Unless the context otherwise requires, article 1 of this chapter  
34 governs the administration of the tax imposed under this section.

35       Sec. 63. Section 43-401, Arizona Revised Statutes, is amended to read:

36       43-401. Withholding tax; rates; election by employee

37       A. Every employer at the time of the payment of wages, salary, bonus  
38 or other emolument to any employee whose compensation is for services  
39 performed within this state shall deduct and retain therefrom FROM THE  
40 COMPENSATION THE GREATER OF:

41       1. NOTWITHSTANDING SECTION 43-403, SUBSECTION A, PARAGRAPHS 2, 3 AND  
42 4, FIVE DOLLARS PER MONTH OR A PROPORTIONATE RATE FOR ANY SHORTER PAY PERIOD.

43       2. An amount equal to a percentage, DETERMINED PURSUANT TO SUBSECTION  
44 B OF THIS SECTION, of the total amount of the federal income tax deducted and  
45 withheld by an employer from the total value of such wages, bonus or other

1 emolument of an employee under the provisions of the United States internal  
2 revenue code computed without deductions for any amount withheld.

3 B. The percentage deducted and retained under subsection A of this  
4 section shall be:

5 1. If the employee's annual compensation is less than fifteen thousand  
6 dollars, ten 10.0 per cent, eighteen 18.2 per cent, twenty-one 21.3 per cent,  
7 twenty-three 23.3 per cent, twenty-nine 29.4 per cent or thirty-four 34.4 per  
8 cent, at the employee's election pursuant to subsection E of this section.

9 2. If the employee's annual compensation is fifteen thousand dollars  
10 or more, eighteen 18.2 per cent, twenty-one 21.3 per cent, twenty-three 23.3  
11 per cent, twenty-nine 29.4 per cent or thirty-four 34.4 per cent, at the  
12 employee's election pursuant to subsection E of this section.

13 3. Zero per cent at the election of an employee who had no state  
14 income tax liability in the prior taxable year and expects to have no state  
15 income tax liability for the current taxable year.

16 C. If the amount collected and payable by the employer to the  
17 department in each of the preceding four calendar quarters did not exceed an  
18 average of one thousand five hundred dollars, the amount collected shall be  
19 paid to the department on or before April 30, July 31, October 31 and January  
20 31 for the preceding calendar quarter. If such amount exceeded one thousand  
21 five hundred dollars in each of the preceding four calendar quarters, the  
22 employer shall pay to the department the amount the employer deducts and  
23 retains pursuant to this section at the same time as the employer is required  
24 to make deposits of federal tax pursuant to section 6302 of the internal  
25 revenue code. On or before April 30, July 31, October 31 and January 31 each  
26 year the employer shall reconcile the amounts payable during the preceding  
27 calendar quarter in a manner prescribed by the department. For taxable years  
28 or reporting periods that begin from and after December 31, 1997, the  
29 department by rule may allow and determine which employers qualify for annual  
30 payments of withholding taxes, with an annual report by the employer pursuant  
31 to section 43-412, subsection B, if the qualifying employer has established  
32 sufficient payment history to indicate that the employer is current and in  
33 good standing pursuant to standards established by rule. For any business  
34 which has not had a withholding certificate for the four preceding  
35 consecutive quarters, the quarterly average shall be computed in a manner  
36 prescribed by the department.

37 D. If an employer fails to make a timely monthly payment because prior  
38 to that reporting period it reported on a quarterly basis instead of on a  
39 monthly basis, the department shall notify the employer that it is out of  
40 compliance with this section. Notwithstanding section 42-1125, the  
41 department shall not assess a penalty against an employer for failing to make  
42 a timely monthly payment if the employer had filed and remitted all taxes due  
43 on a quarterly basis and brings all filings and payments into current  
44 compliance within thirty days after being notified by the department.

1 E. Each employee shall elect the amount authorized by subsection B of  
2 this section to be withheld for application toward the employee's state  
3 income tax liability. The election provided under this subsection shall be  
4 exercised by each employee, in writing on a form prescribed by the  
5 department. The election shall be made within five days of employment. Each  
6 employer shall notify the employees of the election made available under this  
7 subsection and shall have election forms available at all times. Each form  
8 shall be completed in triplicate, with one copy each for the department, the  
9 employer and the employee. The employer shall file a copy of each completed  
10 form with the department. Any employee failing to complete an election form  
11 as prescribed shall be deemed to have elected the smallest applicable  
12 withholding percentage.

13 Sec. 64. Section 44-313, Arizona Revised Statutes, is amended to read:

14 44-313. Deposit of monies; definition

15 A. Except as otherwise provided in this section or section 44-314, the  
16 department shall deposit, pursuant to sections 35-146 and 35-147, IN THE  
17 STATE GENERAL FUND all monies received pursuant to this chapter, including  
18 the proceeds from the sale of abandoned property pursuant to section 44-312,  
19 except that:

20 ~~1. Thirty five per cent of the monies shall be deposited in the~~  
21 ~~housing trust fund established by section 41-3955.~~

22 ~~2. Twenty per cent of the monies shall be deposited in the housing~~  
23 ~~trust fund established by section 41-3955. These monies shall be used~~  
24 ~~exclusively for the development of eligible and viable housing in rural areas~~  
25 ~~and for the purposes authorized under the housing development fund~~  
26 ~~established by section 41-3955.~~

27 1. FIFTY-FIVE PER CENT OF THE MONIES SHALL BE DEPOSITED IN THE HOUSING  
28 TRUST FUND ESTABLISHED BY SECTION 41-3955. THE FIRST TWO MILLION FIVE  
29 HUNDRED THOUSAND DOLLARS DEPOSITED IN THE HOUSING TRUST FUND PURSUANT TO THIS  
30 SECTION SHALL BE TRANSFERRED TO THE STATE GENERAL FUND. OF THE REMAINING  
31 MONIES, THIRTY-SIX PER CENT SHALL BE USED EXCLUSIVELY FOR THE DEVELOPMENT OF  
32 ELIGIBLE AND VIABLE HOUSING IN RURAL AREAS AND FOR THE PURPOSES AUTHORIZED  
33 UNDER THE HOUSING DEVELOPMENT FUND ESTABLISHED BY SECTION 41-3956.

34 ~~3. 2. Twenty per cent of the monies shall be deposited in the funds~~  
35 ~~in the amounts provided in section 5-113, subsection A.~~

36 B. The department shall deposit monies from unclaimed shares and  
37 dividends of any corporation incorporated under the laws of this state in the  
38 permanent state school fund pursuant to article XI, section 8, Constitution  
39 of Arizona.

40 C. The department shall deposit monies from unclaimed victim  
41 restitution payments in the victim compensation and assistance fund  
42 established by section 41-2407 for the purpose of establishing, maintaining  
43 and supporting programs that compensate and assist victims of crime.

44 D. The department shall retain in a separate trust fund at least one  
45 hundred thousand dollars from which the department shall pay claims.

1 E. Before making the deposit, the department shall record the name and  
2 last known address of each person who appears from the holders' reports to  
3 be entitled to the property and the name and last known address of each  
4 insured person or annuitant and beneficiary. The department shall also  
5 record the policy or contract number of each policy or contract of an  
6 insurance company that is listed in the report, the name of the company and  
7 the amount due. The department shall make the record available for public  
8 inspection during reasonable business hours.

9 F. Before making any deposit to the credit of the state general fund,  
10 the department may deduct, subject to legislative appropriation,  
11 administrative expenses in the following order of priority:

- 12 1. Any costs in connection with the sale of abandoned property.
- 13 2. Costs of mailing and publication in connection with any abandoned  
14 property.
- 15 3. Reasonable department service charges.
- 16 4. Costs incurred in examining records of holders of property and in  
17 collecting the property from those holders.
- 18 5. Lawful holder charges.

19 G. The department shall deposit monies received pursuant to section  
20 35-187 in the homeless trust fund as provided in section 41-2021 in an amount  
21 of not more than one million dollars. The department shall deposit monies  
22 in excess of one million dollars pursuant to the distribution described in  
23 subsections A and B of this section. Before making any deposit in the  
24 homeless trust fund, the department shall deduct any amounts related to owner  
25 claims and interest payments.

26 H. For the purposes of this section, "rural area" means either:

- 27 1. A county with a population of less than four hundred thousand  
28 persons.
- 29 2. A census county division with less than fifty thousand persons in  
30 a county with a population of four hundred thousand or more persons.

31 Sec. 65. Laws 1997, first special session, chapter 3, section 5, as  
32 amended by Laws 1999, first special session, chapter 3, section 9 and Laws  
33 2001, chapter 286, section 2, is amended to read:

34 Sec. 5. Flight property tax; distribution of monies

35 Notwithstanding section 42-14255, subsection A, Arizona Revised  
36 Statutes, through June 30, 2003 2004, the state treasurer shall deposit fifty  
37 per cent of the revenues from the flight property tax in the state general  
38 fund and fifty per cent in the aviation fund.

39 Sec. 66. Laws 2001, chapter 286, section 3 is amended to read:

40 Sec. 3. Delayed repeal

41 Laws 1997, first special session, chapter 3, section 5, as amended by  
42 Laws 1999, first special session, chapter 3, section 9, LAWS 2001, CHAPTER  
43 286, SECTION 2 and this act, is repealed from and after June 30, 2003 2004.

1       Sec. 67. Laws 2002, chapter 321, section 18, as amended by Laws 2003,  
2 first special session, chapter 2, section 6, is amended to read:

3       Sec. 18. Settlement payments; Ladewig v. State

4       A. The legislature allocates \$15,000,000 in fiscal year 2002-2003 for  
5 the purposes of covering the first year payments and costs associated with  
6 the case of Ladewig v. State of Arizona. The department of revenue shall  
7 draw all amounts necessary pursuant to the authority prescribed in section  
8 42-1117, Arizona Revised Statutes, for the payments and costs.

9       B. From the allocation made in subsection A of this section, up to  
10 \$15,000,000 may be used by the department of revenue for the purposes of  
11 administration and review of payments. Additional administrative funding may  
12 be required as part of future allocations. Before the expenditure of up to  
13 \$15,000,000 for administrative expenses, the department of revenue shall  
14 present an expenditure plan for joint legislative budget committee approval  
15 that includes an estimate and scope of the entire administrative requirement  
16 associated with disbursing payments and costs for this case.

17       C. From the allocation made in subsection A of this section, any  
18 unused amount from subsection B of this section shall be held in reserve for  
19 future payments related to the case of Ladewig v. State of Arizona AVAILABLE  
20 FOR THE PURPOSES OF SUBSECTION B OF THIS SECTION IN FISCAL YEAR 2003-2004.

21       Sec. 68. Reversion of appropriations; state general fund

22       Notwithstanding any other law, all unexpended and unencumbered monies  
23 remaining in the following appropriation and any subsequent amendments to or  
24 repeals of the appropriation revert to the state general fund on the  
25 effective date of this act:

26       Laws 1997, first special session, chapter 1, section 2 relating to the  
27 performance incentive pilot program.

28       ~~Sec. 69. Settlement payments; Ladewig v. State~~

29       ~~A. The legislature allocates \$75,000,000 in fiscal year 2003-2004 for~~  
30 ~~the purposes of covering the second year payments and costs associated with~~  
31 ~~the case of Ladewig v. State of Arizona. The department of revenue shall~~  
32 ~~draw all amounts necessary pursuant to the authority prescribed in section~~  
33 ~~42-1117, Arizona Revised Statutes, for the payments and costs.~~

34       ~~B. From the allocation made in subsection A of this section, up to~~  
35 ~~\$7,300,000 may be used by the department of revenue for the purposes of~~  
36 ~~administration and review of payments. Additional administrative funding may~~  
37 ~~be required as part of future allocations. Before the expenditure of any~~  
38 ~~monies allocated in this subsection, the department of revenue shall present~~  
39 ~~an expenditure plan for joint legislative budget committee approval that~~  
40 ~~includes an estimate and scope of the entire administrative requirement~~  
41 ~~associated with disbursing payments and costs for this case.~~

42       ~~C. From the allocation made in subsection A of this section, any~~  
43 ~~unused amounts from subsections A and B of this section shall be held in~~  
44 ~~reserve for future payments related to the case of Ladewig v. State of~~  
45 ~~Arizona.~~

1            **Sec. 70. Lottery deposits**

2 Notwithstanding section 5-505, subsection B, Arizona Revised Statutes,  
3 for fiscal year 2003-2004 not less than 31.6 per cent of the total annual  
4 revenues accruing from the sale of multistate lottery tickets shall be  
5 deposited in the state lottery fund established by section 5-521, Arizona  
6 Revised Statutes, to be used as prescribed in section 5-522, Arizona Revised  
7 Statutes.

8            Sec. 71. Adult probation ratios; suspension

9           Notwithstanding section 12-251, subsection A, Arizona Revised Statutes,  
10       and section 13-916, subsection B, Arizona Revised Statutes, or any other law,  
11       adult probation ratios are suspended for Maricopa county for fiscal year  
12       2003-2004.

13       Sec. 72. Department of insurance; fee and assessment adjustment  
14               suspension

15       Notwithstanding section 20-167, subsection F, Arizona Revised Statutes,  
16       and section 20-466, subsection J, Arizona Revised Statutes, the director of  
17       insurance shall not revise fees or assessments in fiscal year 2003-2004 for  
18       the purposes of meeting the requirement to recover at least ninety-five per  
19       cent but not more than one hundred ten per cent of the department's  
20       appropriated budget.

~~21 Sec. 73. Department of mines and mineral resources: rental~~  
~~22 adjustment~~

23 Notwithstanding any other law, the department of administration shall  
24 reduce the department of mines and mineral resources rental charge for  
25 state-owned space in fiscal years 2003-2004 and 2004-2005 by \$205,100.

26       Sec. 74. Off-highway vehicle recreation fund; use for operation  
27                   of parks

28 Notwithstanding section 28-1176, subsection C, Arizona Revised  
29 Statutes, the Arizona state parks board may spend up to \$692,100 from the  
30 Arizona game and fish department allocation in section 28-1176, subsection  
31 C, Arizona Revised Statutes, in fiscal year 2003-2004 for parks board  
32 operating expenses from the off-highway vehicle recreation fund established  
33 by section 28-1176, Arizona Revised Statutes.

34            Sec. 75. Real estate department; fee adjustment suspension

35       Notwithstanding section 32-2103, subsection B, Arizona Revised  
36 Statutes, the real estate commissioner shall not revise fees in fiscal year  
37 2003-2004 for the purposes of meeting the requirement to recover at least  
38 ninety-five per cent but not more than one hundred ten per cent of the  
39 department's appropriated budget.

40            Sec. 76. Water protection fund; appropriation

41       Notwithstanding section 45-2112, subsection B, Arizona Revised  
42 Statutes, the annual appropriation from the state general fund to the Arizona  
43 water protection fund for fiscal year 2003-2004 shall be as specified in the  
44 general appropriations act.

1       Sec. 77. WQARF transfer from corporate income tax; suspension

2       Notwithstanding section 49-282, subsection B, Arizona Revised Statutes,  
3       or any other law, the state treasurer shall transfer only \$10,000,000 from  
4       the corporate income tax collected pursuant to title 43, chapter 11, article  
5       2, Arizona Revised Statutes, to the water quality assurance revolving fund  
6       in fiscal year 2003-2004. These monies are in addition to revenues from  
7       sources specified in section 49-282, subsection A, paragraphs 2 through 11  
8       and 13, Arizona Revised Statutes. No monies from the transaction privilege  
9       and severance tax clearing account established pursuant to section 42-5029,  
10       subsection D, paragraph 4, Arizona Revised Statutes, shall be deposited in  
11       the water quality assurance revolving fund in fiscal year 2003-2004.

12       Sec. 78. Private incarceration facilities; procurement  
13       exemption

14       Notwithstanding any other law, for fiscal year 2003-2004 the state  
15       department of corrections is exempt from the provisions of title 41, chapter  
16       23, Arizona Revised Statutes, for private incarceration facility contracts.  
17       All other procurement by the department shall be as prescribed by title 41,  
18       chapter 23, Arizona Revised Statutes.

19       Sec. 79. Criminal justice enhancement fund; general fund  
20       deposit; crime laboratory assessment fund

21       Notwithstanding any other provision of law, for fiscal year 2003-2004,  
22       any monies distributed from the criminal justice enhancement fund pursuant  
23       to section 41-2401, subsection D, paragraph 11, Arizona Revised Statutes,  
24       shall be deposited in the crime laboratory assessment fund established by  
25       section 41-2415, Arizona Revised Statutes. Notwithstanding section 41-2415,  
26       subsection C, Arizona Revised Statutes, monies distributed by this section  
27       pursuant to section 41-2401, subsection D, paragraph 11, Arizona Revised  
28       Statutes, are for use by the department of public safety and are exempt from  
29       distribution to other political subdivisions.

30       Sec. 80. Department of public safety; highway funds;  
31       distribution

32       Notwithstanding sections 28-6537 and 28-6993, Arizona Revised Statutes,  
33       the statutory cap limiting the level of highway user revenue fund monies and  
34       state highway fund monies available to fund department of public safety  
35       highway patrol costs is suspended for fiscal year 2003-2004.

36       Sec. 81. Department of public safety; notice to federal bureau  
37       of investigation; firearms checks

38       The director of the department of public safety shall notify the  
39       director of the federal bureau of investigation that the responsibility to  
40       perform background checks to determine whether purchases, sales or transfers  
41       of firearms to any person violate any federal law or any law of this state  
42       prohibiting the possession of firearms is transferred to the federal bureau  
43       of investigation on the effective date of this act.

1       Sec. 82. Adult and juvenile probation programs; reimbursement  
2               of costs

3       A. For fiscal year 2003-2004 and fiscal year 2004-2005, the  
4 administrative office of the courts shall require a county with a population  
5 of more than five hundred thousand persons but less than one million five  
6 hundred thousand persons to quarterly reimburse the administrative office of  
7 the courts for adult and juvenile probation costs. The total county  
8 reimbursement for any one fiscal year shall equal \$1,381,900. The  
9 administrative office of the courts shall deposit, pursuant to sections  
10 35-146 and 35-147, Arizona Revised Statutes, these monies in the state  
11 general fund.

12       B. The county shall make the reimbursement for costs pursuant to  
13 subsection A of this section within thirty days after a request. If the  
14 county does not make the reimbursement, the director of the administrative  
15 office of the courts shall notify the state treasurer of the amounts owed and  
16 the treasurer shall withhold the amount, including any additional interest  
17 as provided in section 42-1123, Arizona Revised Statutes, from any  
18 transaction privilege tax distributions to the county. The treasurer shall  
19 deposit, pursuant to sections 35-146 and 35-147, Arizona Revised Statutes,  
20 the withholdings in the state general fund.

21       Sec. 83. Maricopa county; adult probation; caseload

22       A. For fiscal year 2003-2004 and fiscal year 2004-2005, it is the  
23 intent of the legislature that Maricopa county will pay for adult probation  
24 programs in that county. For the purposes of this section, adult probation  
25 programs shall include standard probation, intensive probation, interstate  
26 compact probation and community punishment. It is not the intent of the  
27 legislature that the administrative office of the courts withdraw allocation  
28 of funds to Maricopa county for other adult probation programs, or for  
29 support services it provides to the county for adult probation.

30       B. The administrative office of the courts shall not allocate any  
31 monies appropriated for adult probation services to Maricopa county. The  
32 administrative office of the courts may allocate monies to Maricopa county  
33 for juvenile probation programs.

34       C. The board of supervisors shall provide administrative oversight and  
35 establish program standards for adult probation programs in Maricopa county.

36       D. The Maricopa county adult probation department shall prepare and  
37 submit a monthly performance report to the joint legislative budget committee  
38 and the county board of supervisors. The report shall include performance  
39 measures for adult standard probation, adult intensive probation, interstate  
40 compact probation and the community punishment program. For each program,  
41 the measures shall include, but are not limited to, the following:

- 42       1. The total caseload capacity.  
43       2. The total number of active cases.

1           3. A comparison of caseload capacity in the current month to the  
2 caseload capacity funded by the state and Maricopa county as of December 1,  
3 2002.

4           4. The average number of offenders supervised by each probation  
5 officer or probation officer team for that month.

6           5. The number of officers currently supervising offenders.

7           6. The number of individuals receiving treatment services.

8           7. The average supervision cost per probationer.

9           8. The average treatment cost per probationer.

10          9. The number of probation violators recommended to be committed to  
11 state prison.

12          10. The number of probation violators committed to state prison.

13          E. For the programs listed in subsection A, Maricopa county shall  
14 provide the level of funding necessary to maintain the caseload capacity  
15 existing as of December 1, 2002. Maricopa county maintenance of caseload  
16 capacity shall include the caseload capacity funded by the state and Maricopa  
17 county as of December 1, 2002. To ensure that offenders are not imprisoned  
18 who would otherwise be assigned to probation, Maricopa county shall maintain  
19 adult probation caseload capacity in fiscal years 2003-2004 and 2004-2005 to  
20 allow a continuum of sanctions from standard probation to intensive probation  
21 so that offenders may be sentenced pursuant to law.

22          Sec. 84. County expenditure limitations; adult probation;  
23                   fiscal year 2003-2004 and fiscal year 2004-2005  
24                   adjustment formula

25          A. As a result of the transfer of funding for adult probation as  
26 provided in this act from the state to Maricopa county beginning in fiscal  
27 year 2003-2004, the economic estimates commission shall increase the county's  
28 base expenditure limit by an amount determined as follows:

29           1. Divide the amount of the state payments received by the county for  
30 adult standard probation, adult intensive probation, community punishment,  
31 adult interstate compact probation and adult probation treatment services in  
32 fiscal year 2002-2003 by the GDP price deflator, as defined in section  
33 41-563, Arizona Revised Statutes, for the same fiscal year used to calculate  
34 expenditure limitations for fiscal year 2003-2004 and multiply the resulting  
35 quotient by the GDP price deflator determined for fiscal year 1979-1980.

36           2. Divide the amount determined in paragraph 1 for fiscal year  
37 2003-2004 by the population of the county, as defined in article IX, section  
38 20, subsection (3), paragraph (f), Constitution of Arizona, for the same  
39 fiscal year used to calculate expenditure limitations for fiscal year  
40 2003-2004 and multiply the resulting quotient by the population of the county  
41 for fiscal year 1979-1980.

42          B. The economic estimates commission shall adjust the county  
43 expenditure limitation for fiscal year 2003-2004 based on this section. The  
44 calculation shall use the same base limit of \$156,635,737 for Maricopa county  
45 for the purpose of determining the adjustment.

1        Sec. 85. State and county tax amnesty; definitions

2        A. Notwithstanding title 42, chapter 1, article 3, Arizona Revised  
3 Statutes, the director of the department of revenue shall establish a tax  
4 amnesty program as provided by this section.

5        B. If a taxpayer complies with the requirements of this section by  
6 applying to the department for amnesty during the amnesty period and  
7 complying with the applicable tax requirements in the time and manner  
8 prescribed by this section, the director shall abate or waive all or part of  
9 the civil penalties and impose interest at a reduced rate for tax liabilities  
10 that have been or could be assessed or imposed for any taxable period during  
11 the applicable liability period without the need for the taxpayer to show  
12 reasonable cause or the absence of wilful neglect. For the purposes of this  
13 subsection, "liability period" means:

14        1. For taxpayers filing annually, any taxable period beginning from  
15 and after December 31, 1982 and ending before January 1, 2002.

16        2. For taxpayers having a 52-53 week tax year, any taxable period  
17 beginning from and after December 25, 1983 and ending before January 15,  
18 2002.

19        3. For all other taxpayers, any taxable period beginning from and  
20 after December 31, 1982 and ending before January 1, 2003.

21        C. The director may grant amnesty only for the taxable periods and tax  
22 liabilities identified in the application and only if the taxpayer satisfies  
23 all of the amnesty conditions and requirements prescribed by this section.

24        D. To qualify for amnesty, the taxpayer must:

25        1. Submit a complete and correct application as provided by subsection  
26 F of this section during the amnesty period.

27        2. Pay the tax, plus any interest due pursuant to the provisions of  
28 this section, either with the application or in installments as follows:

29        (a) At least one-third of the total amount due must be paid on or  
30 before October 31, 2003.

31        (b) The balance due must be paid in full on or before May 1, 2004.

32        E. A taxpayer does not qualify for amnesty under this section if:

33        1. An audit determination has become final with respect to the taxable  
34 period for which amnesty is sought.

35        2. The taxpayer is a party to any criminal investigation or to any  
36 criminal administrative proceeding or criminal litigation that is pending on  
37 September 1, 2003 in any court of the United States or of this state for  
38 failure to file or failure to pay, or for fraud with respect to, any tax  
39 imposed by any law of this state and required to be collected by the  
40 department.

41        3. The taxpayer has been the subject of a past tax-related criminal  
42 investigation, indictment or prosecution if the investigation, indictment or  
43 prosecution resulted in a conviction, a guilty plea or a plea of no contest.

1           4. The taxpayer has been convicted of a crime relating to any period  
2 or assessment of a tax that is the basis of the penalty or interest with  
3 respect to which amnesty is sought.

4           5. The taxpayer is a party to a closing agreement with the department  
5 for the tax periods included in the amnesty application.

6           F. An application for amnesty:

7           1. Must be on an application form furnished by the department that  
8 requires the applicant to identify the tax, the qualifying taxable period and  
9 the tax liability for which amnesty is sought and to furnish other  
10 information prescribed by the director. The taxpayer shall include any  
11 returns and reports, including amended returns and reports, for the tax and  
12 taxable periods. Any return or report filed under this section is subject  
13 to verification as provided by law. A taxpayer who has insufficient  
14 information to file a full income tax return may file a gross income return  
15 and compute the tax pursuant to established rate brackets based on average  
16 tax rates for the applicable taxable years.

17           2. Must be filed with the department as prescribed by the director  
18 during the amnesty period.

19           G. An application for amnesty constitutes an express and absolute  
20 waiver of all administrative and judicial rights of appeal that have not run  
21 or otherwise expired as of the date of application. The state board of tax  
22 appeals and any court shall dismiss each such action or proceeding before  
23 that body on receiving a notification from the director that amnesty has been  
24 granted for the taxable period. If the audit determination is not final, the  
25 taxpayer must withdraw from the proceeding or litigation before amnesty is  
26 granted.

27           H. On reviewing the application and determining compliance with the  
28 requirements of the amnesty program under this section:

29           1. The director shall notify the taxpayer regarding the application  
30 for amnesty, waiving or abating the civil penalties and imposing a reduced  
31 interest rate for tax liabilities that were or could have been assessed for  
32 the taxable periods covered by the application.

33           2. No administrative, civil or criminal action may be brought for  
34 failure to comply with the tax requirements for the taxable periods covered  
35 by the application.

36           I. A grant of amnesty under this section does not entitle any affected  
37 taxpayer or other person to a refund or credit of any amount previously paid.

38           J. The director shall deny or revoke the amnesty of a person who files  
39 a false or fraudulent application, return or report for purposes of this  
40 section, or otherwise attempts to defeat or evade a tax through the amnesty  
41 program. If a person who applies for amnesty fails to pay all amounts due  
42 as provided by this section, any amnesty granted pursuant to this section is  
43 void.

44           K. The director may:

- 1       1. Do all things necessary to provide for the timely implementation  
2 of this section.
- 3       2. Adopt emergency rules pursuant to section 41-1026, Arizona Revised  
4 Statutes, as necessary to administer this section.
- 5       L. The tax revenues collected pursuant to amnesty payments shall be  
6 distributed by the department as provided by law on or after March 1, 2004  
7 but before June 1, 2004.
- 8       M. For the purposes of this section:
  - 9       1. "Amnesty period" means September 1, 2003 through October 31, 2003.
  - 10       2. "Tax" means any tax administered or collected by the department of  
11 revenue on behalf of this state or a county except estate tax and ad valorem  
12 property taxes.
  - 13       3. "Tax liability" includes any payment of estimated tax, withholding  
14 tax, interest and penalties required by law.
  - 15       4. "Tax requirement" means:
    - 16       (a) Timely filing a complete and correct tax return or report required  
17 by law.
    - 18       (b) Timely paying a tax liability.
- 19       N. Beginning November 15, 2003 through June 15, 2004, the department  
20 shall submit a cumulative monthly report to the governor, the speaker of the  
21 house of representatives and the president of the senate. The report shall  
22 include:
  - 23       1. The number of taxpayers that have applied for amnesty under this  
24 section.
  - 25       2. The number of taxpayers that have been granted amnesty.
  - 26       3. The amount of revenue received from taxpayers for amnesty periods.
  - 27       4. The amount of outstanding liability from taxpayers that have begun  
28 paying.
- 29       Sec. 86. Delayed repeal  
30       Section 85 of this act, relating to tax amnesty, is repealed from and  
31 after June 30, 2004.
- 32       Sec. 87. County contribution fund; county payments
  - 33       A. The county contribution fund is established and shall consist of  
34 monies paid into it in accordance with subsections C and D of this section.  
35 Monies remaining in the fund at the end of the fiscal year revert to the  
36 state general fund.
  - 37       B. Monies in the fund shall be used for state operations and are  
38 subject to legislative appropriation. The state treasurer shall administer  
39 the fund.
  - 40       C. For fiscal year 2003-2004 and fiscal year 2004-2005, on the  
41 fifteenth of each month, each county shall pay one-twelfth of the amount  
42 listed in subsection D of this section into the county contribution fund. If  
43 a county does not make the payment, the state treasurer shall withhold the  
44 required amount, including any additional interest as provided in section  
45 42-1123, Arizona Revised Statutes, from the monthly transaction privilege tax

1 distributions to the county. The state treasurer shall deposit the required  
2 withholding in the county contribution fund.

3 D. For fiscal year 2003-2004 and fiscal year 2004-2005, on the  
4 fifteenth of each month, each county listed shall pay one-twelfth of the  
5 following amounts into the county contribution fund:

6	Apache County	\$ 32,400
7	Cochise County	\$ 447,000
8	Coconino County	\$ 463,300
9	Gila County	\$ 101,000
10	Graham County	\$ 38,100
11	Greenlee County	\$ 19,400
12	La Paz County	\$ 27,900
13	Mohave County	\$ 583,200
14	Navajo County	\$ 89,400
15	Pima County	\$3,827,600
16	Pinal County	\$ 705,500
17	Santa Cruz County	\$ 67,800
18	Yavapai County	\$ 687,500
19	Yuma County	\$ 356,400

20 Sec. 88. Delayed repeal

21 Section 87 of this act, relating to the county contribution fund, is  
22 repealed from and after June 30, 2005.

23 Sec. 89. Self-insurance; prohibition

24 Notwithstanding section 38-651, Arizona Revised Statutes, the  
25 department of administration shall not self-insure for the purposes of  
26 providing indemnity health insurance, hospital and medical service plans,  
27 dental plans and health maintenance organization during the fiscal year  
28 2003-2004.

29 Sec. 90. Collection enforcement revolving fund

30 Notwithstanding section 41-191.03, subsection B, Arizona Revised  
31 Statutes, the attorney general may use monies in the collection enforcement  
32 revolving fund established by section 41-191.03, Arizona Revised Statutes,  
33 for any operating expenses incurred by the department in fiscal year  
34 2003-2004.

35 Sec. 91. Fiscal year 2003-2004 conditional adjustment;  
36 efficiency savings reporting

37 A. State general fund revenue for fiscal year 2002-2003, not including  
38 the beginning balance, revenues collected from the six-tenths of one per cent  
39 transaction privilege tax for education, an estimated \$348,543,900 of  
40 previously enacted available fund transfers to the general fund, an estimated  
41 \$50,000,000 received pursuant to Laws 2003, first special session, chapter  
42 2, section 21 and an estimated \$900,000 received pursuant to Laws 2003, first  
43 special session, chapter 2, section 20, is forecasted to be  
44 \$5,630,501,900. If, as determined by the staff director of the joint  
45 legislative budget committee and the governor's office of strategic planning

1 and budgeting on September 1, 2003, the actual state general fund revenue  
 2 exceeds \$5,635,501,900, the eighty million dollars in general fund efficiency  
 3 savings assumed for the fiscal year 2003-2004 budget shall be reduced by the  
 4 difference between \$5,635,501,900 and the actual fiscal year 2002-2003 state  
 5 general fund revenue.

6 B. The governor's office of strategic planning and budgeting shall  
 7 report by January 15, 2004 and April 15, 2004 on the status, amount to date  
 8 and future anticipated amounts of efficiency savings to the speaker of the  
 9 house of representatives and the president of the senate. The report shall  
 10 also identify the programs generating efficiency savings.

11 Sec. 92. County transportation contribution fund; county  
 12 payments

13 A. The county transportation contribution fund is established and  
 14 shall consist of monies paid into it in accordance with subsections C and D  
 15 of this section. Monies remaining in the fund at the end of the fiscal year  
 16 shall revert to the state general fund.

17 B. Monies in the fund shall be used for state operations related to  
 18 highway and law enforcement services and are subject to legislative  
 19 appropriation. The state treasurer shall administer the fund.

20 C. For fiscal year 2003-2004 and fiscal year 2004-2005, on the  
 21 fifteenth of each month, each county shall pay one-twelfth of the amount  
 22 listed in subsection D of this section into the county transportation  
 23 contribution fund. If a county does not make the payment, the state  
 24 treasurer shall withhold the required amount, including any additional  
 25 interest as provided in section 42-1123, Arizona Revised Statutes, from the  
 26 highway user revenue fund distributions to the county. The state treasurer  
 27 shall deposit the required withholding in the county transportation  
 28 contribution fund.

29 D. For fiscal year 2003-2004 and fiscal year 2004-2005, on the  
 30 fifteenth of each month, each county listed shall pay one-twelfth of the  
 31 following fiscal year amounts into the county transportation contribution  
 32 fund:

	<u>2003-2004</u>	<u>2004-2005</u>
34 Apache County	\$ 90,900	\$ 90,900
35 Cochise County	\$ 543,900	\$ 543,900
36 Coconino County	\$ 779,900	\$ 779,900
37 Gila County	\$ 284,300	\$ 284,300
38 Graham County	\$ 107,100	\$ 107,100
39 Greenlee County	\$ 54,500	\$ 54,500
40 La Paz County	\$ 78,400	\$ 78,400
41 Maricopa County	-0-	\$4,800,000
42 Mohave County	\$ 740,700	\$ 740,700
43 Navajo County	\$ 251,200	\$ 251,200
44 Pima County	\$2,881,400	\$2,881,400
45 Pinal County	\$ 771,700	\$ 771,700

1	Santa Cruz County	\$ 190,500	\$ 190,500
2	Yavapai County	\$ 726,200	\$ 726,200
3	Yuma County	\$ 706,100	\$ 706,100

4 E. Notwithstanding section 28-6533, subsection B, Arizona Revised  
5 Statutes, a county may use its allocation of highway user revenue fund monies  
6 for the purposes of meeting the requirements of this section.

7 Sec. 93. Delayed repeal

8 Section 92 of this act, relating to the county transportation  
9 contribution fund, is repealed from and after June 30, 2005.

10 Sec. 94. Heritage fund; distribution; suspension

11 Notwithstanding section 41-503, Arizona Revised Statutes, the  
12 distribution percentages established in section 41-503, Arizona Revised  
13 Statutes, for monies in the Arizona state parks board heritage fund are  
14 ~~suspended in fiscal year 2002-2003 and fiscal year 2003-2004.~~ Distribution  
15 of any fund monies remaining after any transfers included in any general  
16 ~~appropriation acts for fiscal year 2002-2003 and fiscal year 2003-2004 shall~~  
17 be at the discretion of the Arizona state parks board.

18 ~~Sec. 95. Arizona state parks board heritage fund; uses;~~  
19 ~~operating expenses~~

20 Notwithstanding sections 41-502 and 41-503, Arizona Revised Statutes,  
21 or any other law, Arizona state parks board heritage fund monies related to  
22 local, regional and state trails, parks, outdoor recreation and open space  
23 pursuant to section 41-503, subsection D, Arizona Revised Statutes, in  
24 amounts appropriated by the legislature may be used for operating expenses  
25 and community service projects of the Arizona commission on the arts in  
26 ~~fiscal year 2003-2004.~~

27 ~~Sec. 96. Arts endowment deposits~~

28 Notwithstanding section 42-502, subsection D, paragraph 4, subdivision  
29 (a), item (iii), Arizona Revised Statutes, deposits into the Arizona arts  
30 endowment fund established by section 41-986, Arizona Revised Statutes, shall  
31 ~~be zero in fiscal year 2003-2004.~~

32 Sec. 97. Department of public safety; transfer of vehicles

33 The department of public safety shall transfer two vehicles with less  
34 than 80,000 miles from the criminal investigations division to the department  
35 of liquor licenses and control for use in liquor enforcement activities.

36 Sec. 98. In lieu fees; deposit

37 A. Notwithstanding sections 49-543 and 49-551, Arizona Revised  
38 Statutes, or any other law, the first \$11,700,000 in revenues received from  
39 in lieu fees pursuant to section 49-543, subsection B, paragraph 2, Arizona  
40 Revised Statutes, shall be deposited in the state general fund in fiscal year  
41 2003-2004 and fiscal year 2004-2005.

42 ~~B. Notwithstanding sections 49-543 and 49-551, Arizona Revised~~  
43 ~~Statutes, or any other law, up to \$1,700,000 of in lieu fee revenues received~~  
44 ~~in excess of \$11,700,000 shall be deposited in the air quality fund in fiscal~~  
45 ~~year 2003-2004 and fiscal year 2004-2005. Monies deposited in the air~~

~~1 quality fund pursuant to this section shall be appropriated in fiscal year~~  
~~2 2003-2004 and fiscal year 2004-2005 for the purpose of providing diesel~~  
~~3 vehicle low emissions incentive grants pursuant to section 49-551.01, Arizona~~  
~~4 Revised Statutes.~~

5       Sec. 99. Justices of the peace; payment of compensation; fiscal  
6               year 2003-2004 and fiscal year 2004-2005

7           Notwithstanding section 22-117, subsection B, Arizona Revised Statutes,  
8   for fiscal year 2003-2004 and fiscal year 2004-2005, the state shall pay 38.5  
9   per cent of the compensation and employee related expenditures of a justice  
10   of the peace and the county shall pay 61.5 per cent of the compensation and  
11   employee related expenditures of a justice of the peace, except that the  
12   county shall pay the full amount of the employer contribution to the Arizona  
13   state retirement system or any county health plan.

14           Sec. 100. Unrestricted federal grant monies

15        Monies received from the jobs and growth tax relief reconciliation act  
16        as of June 1, 2003 shall be deposited in the state general fund. The monies  
17        shall be used for the payment of essential government services.

18           Sec. 101. Telecommunications services; request for proposals

19           A. On or before October 31, 2003, the government information  
20 technology agency, in consultation with the department of administration,  
21 shall prepare and submit to the joint committee on capital review for review  
22 an actionable request for proposals to privatize telecommunications services.  
23 The request for proposals shall have received a minimum of conditional  
24 approval by the information technology authorization committee.

25 B. The department of administration shall provide comments on the  
26 final draft of the request for proposals to the joint committee on capital  
27 review on or before October 31, 2003.

28 C. The request for proposals shall provide for the telecommunications  
29 requirements of state agencies and branch offices of state agencies  
30 regardless of location, excluding state universities and community colleges.  
31 The request for proposals shall require that all responses leverage network  
32 equipment that is already procured by state agencies. The request for  
33 proposals shall provide for a scalable, centralized, statewide, voice, video  
34 and data converged solution pursuant to the government information technology  
35 agency target architecture that will streamline state agency communications  
36 and enable other services such as state government N11 abbreviated dialing.

37 D. Any contracts that result from the request for proposals shall be  
38 implemented under the supervision of the department of administration.

39 E. The department of administration shall issue the request for  
40 proposals within ten business days after the review by the joint committee  
41 on capital review.

42 F. Contingent on approval of the information technology authorization  
43 committee, the department of administration shall award a contract or  
44 contracts within one hundred twenty days after the issuance of the request  
45 for proposals.

1 G. At least ten days before the department of administration enters  
2 into a contract or contracts that result from the request for proposals, the  
3 director of the department of administration shall submit the provisions of  
4 the contract or contracts for review by the joint committee on capital review  
5 in executive session. The materials submitted by the department of  
6 administration shall provide an analysis of the short-term and long-term  
7 annual capital and operating costs that would result from the contracts. The  
8 department of administration shall also include a comparison of the  
9 architecture and funding of the current Arizona telecommunications system and  
10 the telecommunications system that would result from acceptance of the  
11 contract or contracts and shall provide an analysis of the compatibility of  
12 the contracted system with current telecommunications assets. Information  
13 provided in executive session shall remain confidential until the contract  
14 award is made in compliance with title 41, chapter 23, Arizona Revised  
15 Statutes.

16 H. The government information technology agency and the department of  
17 administration shall report monthly, beginning on the effective date of this  
18 act, to the joint committee on capital review on the status of activities and  
19 expenditures related to this section.

20 I. The sum of \$500,000 from the technology and telecommunications fund  
21 in fiscal year 2003-2004 is available to the government information  
22 technology agency for preparation of the request for proposals pursuant to  
23 this section.

24 Sec. 102. Retroactivity

25 A. Sections 5-504, 5-505, 5-522, 28-737, 28-876, 28-2416, 28-8101,  
26 28-8103, 42-5252 and 43-401, Arizona Revised Statutes, as amended by this  
27 act, apply retroactively to from and after June 30, 2003 and sections 4, 87  
28 and 92 of this act and section 15-1306, Arizona Revised Statutes, as added  
29 by this act, are effective retroactively to from and after June 30, 2003.

30 B. Section 100 of this act is effective retroactively to from and  
31 after May 31, 2003.

32 Sec. 103. Authorization to transfer title to certain state  
33 owned property; Maricopa county

34 Notwithstanding section 37-803, Arizona Revised Statutes, or any other  
35 law, the director of the department of administration shall convey title to  
36 state owned real properties located at 3815 North Black Canyon to Maricopa  
37 county as reimbursement for the transfer of one million eight hundred  
38 thousand dollars from Maricopa county to the state general fund.

39 Sec. 104. Conditional repeal; North Black Canyon properties

40 Laws 2003, first special session, chapter 2, section 20 is repealed if  
41 all the conditions prescribed by section 103 of this act, relating to the  
42 transfer of ownership of state owned real properties located at 3815 North  
43 Black Canyon, are met.

1       Sec. 105. State land department; federal reclamation trust  
2               fund; research

3       Notwithstanding section 37-106, Arizona Revised Statutes, or any other  
4 law, the state land department may use up to \$80,000 from the federal  
5 reclamation trust fund in fiscal year 2003-2004 for consultants to develop  
6 unit agreements pursuant to section 27-557, Arizona Revised Statutes, and  
7 other agreements related to gas extraction on state trust land. It is the  
8 intent of the legislature that the department develop a cost sharing  
9 agreement between the state and lessee through a unit agreement for future  
10 legal research and administrative costs. The state land department shall  
11 provide quarterly status reports on the progress of any unit agreement or  
12 related agreements to the speaker of the house of representatives, the  
13 president of the senate and the joint legislative budget committee.

14       Sec. 106. Conditional enactment; notice

15       A. Sections 15, 20 through 28 and 61 of this act are not effective  
16 unless a sports entertainment facility, as defined by section 42-5032,  
17 Arizona Revised Statutes, is selected as the site of an additional major  
18 national sporting event by December 31, 2003.

19       B. On or before December 31, 2003, the director of the department of  
20 revenue shall notify the director of the legislative council whether this  
21 condition occurred.

22       Sec. 107. State parks enhancement fund; operating

23       Notwithstanding section 41-511.11, Arizona Revised Statutes, or any  
24 other law, all monies, except those necessary for the lease-purchase payments  
25 for the Tonto Natural Bridge State Park, are available for the operating of  
26 state parks in fiscal year 2003-2004 as appropriated by the legislature in  
27 the general appropriations act.

28       Sec. 108. Retroactivity

29       Section 12-116.04, Arizona Revised Statutes, as added by this act, is  
30 effective retroactively to from and after August 31, 2003.

31       Sec. 109. Authorization to transfer title to certain state  
32               owned property; Maricopa county

33       Notwithstanding section 37-803, Arizona Revised Statutes, or any other  
34 law, the director of the department of administration shall convey title to  
35 state owned real properties located at 342 North 32<sup>nd</sup> street to Maricopa  
36 county as reimbursement for the transfer of three million dollars from  
37 Maricopa county to the state general fund.

38       Sec. 110. County billing

39       A. For fiscal year 2003-2004 and fiscal year 2004-2005, the state  
40 treasurer shall bill a county with a population of one million five hundred  
41 thousand or more persons for state operations. The state treasurer shall  
42 bill the county each year in twelve equal monthly billings that have an  
43 annual total of five million four hundred two thousand eight hundred dollars.

44       The state treasurer shall deposit the payments from the county in the state  
45 general fund.

1        B. If the county does not make the payment within fifteen days of  
2 billing, the state treasurer shall withhold the required amount, including  
3 any additional interest as provided in section 42-1123, Arizona Revised  
4 Statutes, from the monthly transaction privilege tax distributions to the  
5 county. The state treasurer shall deposit the required withholding in the  
6 state general fund.

APPROVED BY THE GOVERNOR JUNE 17, 2003.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 17, 2003.

Passed the House May 16, 2003,

by the following vote: 39 Ayes,

20 Nays, 1 Not Voting

Jake Flake  
Speaker of the House

Norman L. Moore  
Chief Clerk of the House

Passed the Senate June 6, 2003,

by the following vote: 24 Ayes,

5 Nays, 1 Not Voting

Ken Bennett  
President of the Senate

Charmine Bellington  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Secretary to the Governor

Approved this \_\_\_\_\_ day of

\_\_\_\_\_, 20\_\_\_\_,

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Secretary of State

H.B. 2533

HOUSE CONCURS IN SENATE  
AMENDMENTS AND FINAL PASSAGE

June 11, 2003,

by the following vote: 32 Ayes,

27 Nays, 1 Not Voting

Jake Flake  
Speaker of the House  
Norman L. Moore  
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

12 day of June, 2003

at 8:26 o'clock A M.

Sandra Ramirez  
Secretary to the Governor

Approved this 17 day of

June, 2003,

at 12<sup>35</sup> o'clock P. M.

Jon R. Huntsman  
Governor of Arizona

H.B. 2533

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State  
this 17<sup>th</sup> day of June, 2003

at 3:40 o'clock P. M.

Janice K. Brewer  
Secretary of State